

Government that Works!

NEW JERSEY DEPARTMENT OF THE TREASURY

LOCAL GOVERNMENT BUDGET REVIEW

BOROUGH OF BUENA

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GOVERNMENT THAT WORKS

OPPORTUNITIES FOR CHANGE

The Report of the Borough of Buena

New Jerseyans deserve the best government their tax dollars can provide. Efficiency in government and a common sense approach to the way government does business, both at the state and at the local level, are important to Acting Governor Donald T. DiFrancesco. It means taxpayers should get a dollar's worth of service for every dollar they send to government, whether it goes to Trenton, their local town hall or school board. Government on all levels must stop thinking that money is the solution to their problems and start examining how they spend the money they now have. It is time for government to do something different.

Of major concern is the rising cost of local government. There is no doubt that local government costs and the property taxes that pay for them have been rising steadily over the past decade. The Local Government Budget Review (LGBR) program was created in 1994 by former Governor Whitman, marking the first time the state worked as closely with towns to examine what is behind those costs. The Local Government Budget Review (LGBR) program's mission is simple: to help local governments and school boards find savings and efficiencies without compromising the delivery of services to the public.

The LGBR program utilizes an innovative approach combining the expertise of professionals, primarily from the Departments of Treasury, Community Affairs and Education, with team leaders who are experienced local government managers. In effect, it gives local governments a comprehensive management review and consulting service provided by the state at no cost to them. To find those "cost drivers" in local government, teams review all aspects of local government operation, looking for ways to improve efficiency and reduce costs.

In addition, teams also document those state regulations and mandates which place burdens on local governments without value-added benefits and suggest, on behalf of local officials, which ones should be modified or eliminated. Teams also look for "best practices" and innovative ideas that deserve recognition and that other communities may want to emulate.

Based upon the dramatic success of the program and the number of requests for review services, in July, 1997, the program was expanded, tripling the number of teams in an effort to reach more communities and school districts. The ultimate goal is to provide assistance to local government that results in meaningful property tax relief to the citizens of New Jersey.

THE REVIEW PROCESS

In order for a town, county or school district to participate in the Local Government Budget Review program, a majority of the elected officials must request the help of the review team through a resolution. There is a practical reason for this: to participate, the governing body must agree to make all personnel and records available to the review team, and agree to an open public presentation and discussion of the review team's findings and recommendations.

As part of each review, team members interview each elected official, as well as, employees, appointees, members of the public, contractors and any other appropriate individuals. The review teams examine current collective bargaining agreements, audit reports, public offering statements, annual financial statements, the municipal code and independent reports and recommendations previously developed for the governmental entities, and other relative information. The review team physically visits and observes the work procedures and operations throughout the governmental entity to observe employees in the performance of their duties.

In general, the review team received full cooperation and assistance of all employees and elected officials. That cooperation and assistance was testament to the willingness, on the part of most, to embrace recommendations for change. Those officials and employees who remain skeptical of the need for change or improvement will present a significant challenge for those committed to embracing the recommendations outlined in this report.

Where possible, the potential financial impact of an issue or recommendation is provided in this report. The recommendations do not all have a direct or immediate impact on the budget or the tax rate. In particular, the productivity enhancement values identified in this report do not necessarily reflect actual cash dollars to the municipality, but do represent the cost of the entity's current operations and an opportunity to define the value of improving upon such operations. The estimates have been developed in an effort to provide the entity an indication of the potential magnitude of each issue and the savings, productivity enhancement, or cost to the community. We recognize that all of these recommendations cannot be accomplished immediately and that some of the savings will occur only in the first year. Many of these suggestions will require negotiations through the collective bargaining process. We believe, however, that these estimates are conservative and achievable.

**LOCAL GOVERNMENT BUDGET REVIEW
EXECUTIVE SUMMARY
BOROUGH OF BUENA**

Administration of Government

The team recommends that the borough create an administrative position to manage its daily operations. To reduce the cost of the position, the team recommends the following two options: 1) Appoint an existing borough official as the administrator at an expense of \$10,000, or 2) Hire a part-time administrator, at an expense of \$35,000.

Clerk

By increasing liquor license fees to the maximum allowed by law, the borough could save \$50,453 over an eight year period.

Health Insurance

The team recommends that the borough implement a policy requiring employees to pay a 20% surcharge for other-than-single medical coverage, potentially saving \$18,500.

The borough could potentially save an additional \$3,500 by limiting reimbursement for those employees opting out of the health plan to one-half of the New Jersey Plus single coverage.

The borough should consider eliminating health benefits provided to part-time employees, potentially saving \$2,053.

Insurance

By making payments to the joint insurance fund (JIF) on a quarterly basis instead of semi-annually, the borough could yield a revenue enhancement of \$1,300.

Finance

The team recommends that the borough provide training to the chief financial officer (CFO) and assistant treasurer for electronic spreadsheet generation and advanced operations, at a one-time expense of \$316.

Cash Management

By negotiating a more competitive interest rate for all bank accounts, the borough could yield a revenue enhancement of \$6,000.

Court

The borough could yield a revenue enhancement of \$665 by competitively bidding for higher interest rates on its bail account and general violations account balances.

The team recommends that the borough submit an application with the Administrative Office of the Courts (AOC) to participate in the Comprehensive Enforcement Program for the collection of delinquent funds, for a revenue enhancement of \$16,995.

Public Defender

By reducing public defender sessions to once every two months, the borough could save \$960.

Police

The team recommends that the borough eliminate salary payments for the right-to-know function, saving \$2,000.

The team also recommends that the borough negotiate to reduce the average sick leave usage by three days, yielding a potential productivity enhancement of \$4,080.

Planning for Fire Protection

The team recommends that the borough consider consolidation of fire services in the form of a single fire district or a municipal department, saving \$4,000.

Public Works

By negotiating to reduce the number of days required for an employee to provide written verification of an illness to three consecutive days and six cumulative days, the borough could yield a potential productivity enhancement of \$5,424.

The team recommends that the borough expand the convenience center operations to include at least one Saturday. The team realizes that additional expenses will be incurred, but recommends that one employee be assigned to work at the center on Saturdays rather than two, at an annual expense of \$1,500.

The team also recommends that the borough redirect the disposal of solid waste to the Cumberland County Landfill Facility, saving \$6,456 in tipping fees.

The borough should consider dedicating one day a month during the warmer weather seasons and several days a month during cooler weather seasons, as needed, to the wood chipping operation, saving \$6,000.

By implementing the recommendations outlined in the report, the borough could save \$15,000 in buildings and grounds maintenance operations.

Planning and Zoning

The borough should consider consolidating the planning and zoning boards into a single body, saving \$7,000.

The team recommends that the borough eliminate the compensation to appointed board members for attendance at meetings, saving \$6,380.

Uniform Construction Code (UCC)

The team recommends that the borough transfer its construction code operation to the New Jersey Department of Community Affairs, Division of Codes and Standards, Bureau of Local Code Enforcement, saving \$2,000 - \$8,000.

Municipal Utilities Authority

The team recommends that the authority negotiate a more competitive interest earnings rate on their operations account, for a revenue enhancement of \$2,000.

By generating water and sewer invoices concurrently, the borough could save \$1,200 reducing the number of printed forms and the postage costs.

The team recommends that the borough transfer the billing and finance functions to the tax collector and chief financial officer, eliminating one full-time clerical position, saving \$30,000.

By eliminating the supervisor position and implementing a new table of organization for plant operations consisting of the superintendent, assistant superintendent and four plant operations, the borough could save \$45,000.

The authority should consider negotiating a provision in the collective bargaining agreement to require written medical certification for three consecutive days or six cumulative days of sick leave, yielding a potential productivity enhancement of \$7,442.

The team recommends that the authority implement a policy requiring employees to pay a 20% surcharge for other-than-single medical coverage, potentially saving \$3,400.

Shared Services

The team recommends the Buena Vista Township and Buena Borough merge their municipal courts, for a revenue enhancement of \$30,000.

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF BUENA**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Administration of Government				
Create administrative position to manage daily operations		(\$35,000)		(\$35,000)
Clerk				
Increase liquor license fees to maximum (savings over 8 years)		\$50,453		\$50,453
Health Insurance				
Negotiate a 20% surcharge for other-than-single coverage			\$18,500	
Limit reimbursement for employees opting out of the health plan			\$3,500	
Eliminate health benefits provided to part-time employees			\$2,053	
Insurance				
Make payments to JIF on a quarterly basis instead of semi-annual		\$1,300		\$1,300
Finance				
Computer training for CFO and assistant treasurer	(\$316)			(\$316)
Cash Management				
Negotiate a more competitive interest rate for all bank accounts		\$6,000		\$6,000
Court				
Competitively bid for higher interest rate for bail and violations accounts		\$665		
Submit application to participate in Comprehensive Enforcement Program		\$16,995		\$17,660
Public Defender				
Reduce public defender sessions to once every two months		\$960		\$960
Police				
Eliminate salary payments for right-to-know function		\$2,000		
Negotiate to reduce average sick leave usage			\$4,080	\$2,000

**COMPARISON OF BUDGET APPROPRIATION, STATE AID
AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN
THE BOROUGH OF BUENA**

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Planning for Fire Protection				
Consolidate fire services in the form of a single district		\$4,000		\$4,000
Public Works				
Negotiate to reduce the number of days required to provide medical note			\$5,424	
Expand convenience center operations		(\$1,500)		
Redirect solid waste disposal to Cumberland County Landfill Facility		\$6,456		
Dedicate one day a month to wood chipping operation		\$6,000		
Reassign buildings and grounds operation to road department		\$15,000		\$25,956
Planning and Zoning				
Consolidate planning and zoning boards into a single body		\$7,000		
Eliminate compensation to board members for attending meetings		\$6,380		\$13,380
Uniform Construction Code (UCC)				
Transfer construct code operation to DCA, Local Code Enforcement		\$2,000		\$2,000
Municipal Utilities Authority				
Negotiate a more competitive interest earning rate		\$2,000		
Generate water and sewer invoices concurrently		\$1,200		
Transfer billing and finance functions to tax collector and CFO		\$30,000		
Eliminate supervisor position and implement new table of organization		\$45,000		
Negotiate to reduce the number of days required to provide medical note			\$7,442	
Negotiate a 20% surcharge for other-than-single coverage			\$3,400	\$78,200
Shared Services				
Merge Buena Vista Township & Buena Borough municipal courts		\$30,000		\$30,000
Total Recommended Savings	(\$316)	\$196,909	\$44,399	\$196,593

*\$44,399 not included in savings of \$196,593.

COMPARISON OF BUDGET APPROPRIATION, STATE AID AND LOCAL TAX RATE WITH RECOMMENDED REDUCTIONS IN THE BOROUGH OF BUENA

<u>Areas Involving Monetary Savings</u>	<u>One-time Savings/ Expense</u>	<u>Annual Savings/ Expense</u>	<u>*Potential Savings</u>	<u>Totals</u>
Total Amount Raised for Municipal Tax				\$1,238,607
Savings as a % of Local Purpose Tax Levy				16%
Total Budget				\$2,665,314
Savings as a % of Budget				7%
Total State Aid				\$544,606
Savings as a % of State Aid				36%

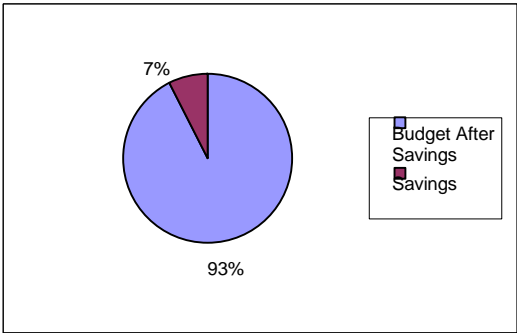
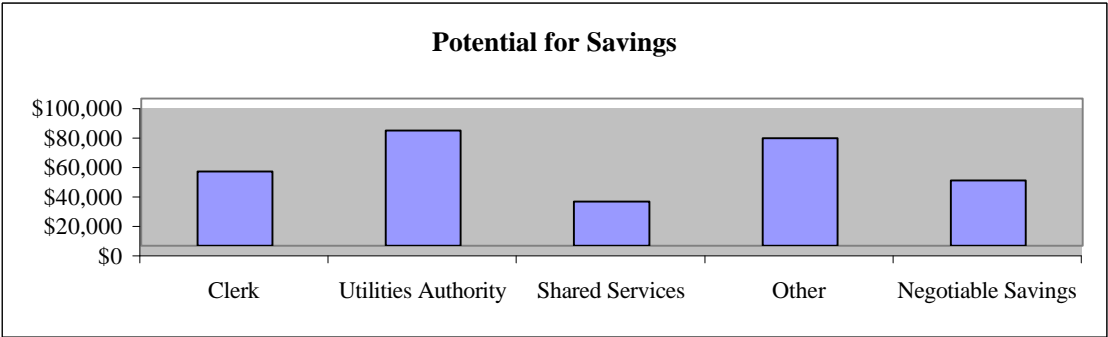


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COMMUNITY OVERVIEW

The Borough of Buena is located approximately 26 miles west of Atlantic City. Situated in western Atlantic County, the borough has a commercial and residential core surrounded by a largely agricultural periphery. According to the 1990 census, the 7.6 square mile borough had a population of 4,441 residents. Population estimates for 1998 placed the borough's population at 4,596. Routes 40 and 54 provide regional access to the area, with several county roads also traversing the community.

The borough was incorporated in 1949. It is composed of two unincorporated communities, Landisville and Minotola. Discussions with borough officials indicated a reduction in its manufacturing base and greater commuting by its residents to jobs in nearby communities.

Although the borough is located in a rural portion of the state, the community enjoys a full range of public services. The borough provides 24-hour police coverage, trash collection and road maintenance. Two fire districts provide fire protection to the borough. A volunteer first aid squad provides emergency medical services to the borough. A municipal utility authority provides water and sewer service to a majority of the borough's population.

The borough also takes part in several regional services. The Buena Regional School District provides educational services to several area communities. The borough provides dispatch services to several municipalities and publishes a newsletter in conjunction with a neighboring community.

I. BEST PRACTICES

A very important part of the Local Government Budget Review report is the Best Practices section. During the course of every review, each review team identifies procedures, programs and practices, which are noteworthy and deserving of recognition. Best practices are presented to encourage replication in communities and schools throughout the state. By implementing these practices, municipalities and school districts can benefit from the Local Government Budget Review process and possibly save considerable expense on their own.

Just as we are not able to identify every area of potential cost savings, the review team cannot cite every cost-effective effort. The following are those “best practices” recognized for cost and/or service delivery effectiveness.

Newsletter

The borough publishes a newsletter jointly with the adjacent Township of Buena Vista. The newsletter features topics of local interest and information regarding municipal services. The publication of the newsletter is financed through advertising revenue. Because of the communities’ low population, coverage in regional newspapers is sometimes lacking. This undertaking is a commendable example of innovative shared-services and provision of a valuable information source at minimal cost to the taxpayer.

Fuel Purchasing

In conjunction with the Township of Buena Vista and the Borough of Buena Municipal Utilities Authority, the borough purchases fuel from the regional school district. Using fuel pumps located at the high school, these local governments are able to save money and reduce the environmental liability of maintaining duplicative fueling operations for each jurisdiction. Additionally, the automated billing information provides valuable management information concerning the operator, vehicle and amount of fuel used for each transaction.

Utility Plant Operations

The Borough of Buena Municipal Utility Authority has implemented a rotating schedule of plant duties to ensure a highly cross-trained workforce. During the course of the team’s interviews, we were impressed with the breadth of knowledge and enthusiasm exhibited by the plant personnel. For a utility with a small workforce, this practice ensures that critical activities are completed despite any vacancies that may arise. The utility is commended for its foresight in implementing this practice.

II. OPPORTUNITIES FOR CHANGE/FINDINGS AND RECOMMENDATIONS

The purpose of this section of the review report is to identify opportunities for change and to make recommendations that will result in more efficient operations and financial savings to the municipality and its taxpayers.

In its study, the review team found the municipality makes a conscious effort to control costs and to explore areas of cost saving efficiencies in its operations. Many of these are identified in the Best Practices section of this report. Others will be noted, as appropriate, in the findings to follow. The municipality is to be commended for its efforts. The review team did find areas where additional savings could be generated and has made recommendations for change that will result in reduced costs or increased revenue.

Where possible, a dollar value has been assigned to each recommendation to provide a measure of importance or magnitude to illustrate cost savings. The time it will take to implement each recommendation will vary. It is not possible to expect the total projected savings to be achieved in a short period of time. Nevertheless, the total savings and revenue enhancements should be viewed as an attainable goal. The impact will be reflected in the immediate budget, future budgets, and the tax rate(s). Some recommendations may be subject to collective bargaining considerations and, therefore, may not be implemented until the next round of negotiations. The total savings will lead to a reduction in tax rates resulting from improvements in budgeting, cash management, cost control and revenue enhancement.

One of the fundamental components of the team's analysis is identifying the true cost of a service. To this end, the team prepares a payroll analysis that summarizes personnel costs by function and attributes direct benefit costs to the salary of each individual. This figure will always be different from payroll costs in the budget or in expenditure reports because it includes health benefits, social security, pension, unemployment and other direct benefit costs.

ADMINISTRATION OF GOVERNMENT

Governing Body

A mayor and a six-member council govern the Borough of Buena. The mayor presides over governing body meetings and casts a vote in the event of a tie. Other than these executive responsibilities in the office of the mayor under general law or the provisions of N.J.S.A. 40:60-1 et. seq., executive power in the borough is vested in standing committees of the borough council. Each standing committee consists of a chairman and two other council members. The committees have oversight over the policies and operations of their corresponding departments.

There are no clerical employees specifically assigned to the governing body. The municipal clerk provides administrative support for governing body meetings. Members of the finance

committee, the certified municipal finance officer and the municipal auditor provide budget preparation. A member of council serves as the public safety director, with oversight over broad police policy matters, with the police chief providing daily management of operations.

General Management

Interviews with governing body members and staff indicated a strong commitment to provide a high level of services, while at the same time seeking to contain costs where possible. This team's review of the borough's compensation levels indicated a very low cost workforce when compared to other municipalities in the region. The borough's purchasing practices are prudent and cost-effective. We conclude that the borough makes a very admirable effort in fulfilling the service expectations of its residents.

A critical issue identified by the team, however, is the absence of an administrator to implement policies and procedures. As mentioned above, standing committees of the governing body provide executive oversight for borough departments and key functions. Interviews with borough officials found substantial disparities in the involvement of these standing committees in the daily and long-term management of borough operations. This sometimes results in many important policy matters not being addressed and opportunities for management enhancements involving multiple departments unrealized. The team found that necessary communication is not occurring among the borough's department heads as is found routinely in other municipalities.

In addition to general management issues, the team has specifically identified personnel administration as a critical function in need of better management and standardization. Inadequate attention to personnel functions can result in costs that are not readily apparent. Litigation, poor employee morale and excessive time spent on personnel matters are indirect costs. Additionally, personnel issues can distract employees from their core missions and the quality of services can decline. These issues will be discussed in detail in the personnel section of this report.

Recommendations:

It is recommended that the borough create an administrator position to manage its daily operations. The team acknowledges the expense of this position for a small community, however, we believe the benefits of the position would far outweigh the cost in terms of greater productivity, grant revenues and other long-term savings. To reduce the cost of the position, the team has provided two options for the borough to consider:

- 1. Appoint Present Employee as Administrator: The borough should consider appointing an existing borough official as the administrator. This arrangement is frequently found in smaller municipalities throughout the state. Department heads often have the necessary management skills necessary to perform satisfactorily as an administrator. In selecting this option, the team recommends that the borough carefully assess the skills and experience of its potential candidates and provide opportunities for professional development to address any shortcomings.**

Value Added Expense: \$10,000

2. **Part-time Administrator:** The borough should also consider the appointment of a part-time administrator. This option would cost more than appointing an existing employee with a consolidated title. We estimate the required working times of a part-time administrator would be approximately 16-20 office hours per week and attendance at governing body meetings. It is further recommended that the borough solicitor review N.J.S.A. 40A:9-136 and other applicable statutes to determine if there are any prohibitions from nonresidents serving as borough administrator. The team believes that qualifications and experience should take precedence over residency. An open and competitive recruitment effort would ensure the best candidate is appointed to the position. Furthermore, the team believes that an administrator with no previous relationship with the borough would bring a fresh perspective to the management of the borough.

Value Added Expense: \$35,000

An effective administrator should have the expertise and authority to coordinate the actions of municipal departments in support of borough policies. In addition to this broad management responsibility, the team recommends the following core functions be specifically assigned to the administrator:

1. **personnel administration;**
2. **purchasing;**
3. **research support and follow-up for governing body meetings;**
4. **communicate policies from the governing body to borough staff;**
5. **budget preparation; and**
6. **grant applications.**

CLERK

The municipal clerk serves under authority of N.J.S.A. 40A:9-133. The municipal clerk is the official custodian of all vital municipal records including, but not limited to, the books, deeds, bonds, ordinance book, contracts, legal advertisements, and archival records of the borough. During elections, the clerk serves as the chief administrative officer and the registrar of voters. The clerk also serves as the administrative officer for the application and issuing of licenses and permits and acts as secretary to the governing body. In the role of secretary to the governing body, the clerk is extensively involved in telephone work, preparing committee meeting agendas, copying documents for distribution, drafting letters to constituents, completing mailings, attending governing body meetings, maintaining recordings and minutes of these meetings, retaining original copies of ordinances and resolutions and ensuring that the ordinance book(s) are current.

Codification

A municipality's adoption of an ordinance is a significant act establishing legal obligations for citizens and businesses. Ordinances also communicate public policy to those affected. It is important that citizens, municipal employees and others having affairs with a municipality have a single resource from which they can easily find all of the laws and policies that the municipality

has adopted. The orderly compilation of these ordinances is called codification and results in the development of a municipal codebook. The codebook is serviceable and must be supplemented with new material. Older sections need to be updated to reflect current practice and the evolution of relevant law. The codebook is updated every other year and was last done in 1999. The clerk's office administers the updates and distributes the new sections. A total of 30 books are maintained in this fashion.

Staffing and Organization

A municipal clerk, a deputy clerk and one clerical employee staff the borough clerk's office. The clerk has served the borough for the past 13 years and has been certified since 1990. The deputy clerk is a five-year employee who divides her time between the clerk's office and the tax collector's office. The clerical employee is currently on a medical leave and a temporary employee and a part-time staff member are filling this position. The Buena Borough clerk's office is open from 9:00 a.m. to 4:00 p.m. Monday through Friday. This office is the point of contact for citizens with inquiries or those wishing to purchase most municipal permits or licenses.

In 1999, the personnel expenditures for the municipal clerk's office were \$84,390. This represented actual salary paid to the employees as well as the cost of medical benefits and payroll taxes. Other expenses were \$29,472. All of the expenditures associated with this office are incorporated in the administrative/executive budget, which includes expenses of both the clerk's office as well as the governing body. Therefore, "other expenses" related specifically to the clerk's office are difficult to identify. Total expenditures for the three annual elections were \$5,950.

The team observed the clerk's office numerous times and interviewed the clerk, the deputy clerk and the clerical personnel. The office utilizes a computer software package to track all revenues generated by the office. The office is very well organized, with documentation easily retrievable by the staff. Procedures are in place for the destruction of records, which are shredded every few years. Based on interviews and observations, it appears as though the municipal clerk's office is efficiently and effectively servicing the borough.

Minutes of Municipal Meetings

The Buena Borough Council holds two regular meetings per month, on the first and third Monday of the month. The clerk or deputy clerk attends the council meetings. The minutes are prepared by whomever attended the meeting and are available within two weeks for approval at the next council meeting. The team found the minutes to be well maintained, properly bound and easily accessible. In addition, the clerk's office prepared nine ordinances and 138 resolutions in 1999.

The municipal clerk is commended for excellent composition and timely preparation of minutes.

Licensing

The borough issues liquor licenses under the authority of N.J.S.A. 33, as stipulated in Chapter 64 of the Code of Borough of Buena. The municipal clerk is charged with issuing all annual liquor

license renewals, 13 in 1999. The borough has nine plenary retail consumption (bar) licenses, two plenary retail distribution (liquor store) licenses and two club licenses. The borough code governing liquor licenses was last amended in 1980.

The borough charges \$198 for the distribution licenses, \$473 for each bar license and \$115.50 for each club license. Title 33 allows municipalities to charge up to \$2,000 for plenary retail consumption or retail distribution licenses and \$150 for each club license. A municipality may increase their liquor license fees by ordinance, up to the maximum allowed in the statute at a rate of no more than 20% per year, or \$500, whichever is less. (N.J.S.A. 33:1-12 et. seq.) If the borough were to systematically increase its fees until they all reached their allowable limit, revenue from the sale of liquor licenses would increase \$49,923 for consumption licenses and \$530 for club licenses over the next eight years. The chart below tracks the revenue increase that would result from increasing only the nine plenary retail consumption licenses that the borough now issues. An additional \$17,660 could be raised over 13 years if the borough also raised the distribution license to the maximum.

LIQUOR LICENSE FEES – BUENA BOROUGH				
Plenary Retail Consumption Only				
Year	Current Fees	Proposed Fees	Revenue Increase	Total Revenue
1	\$473	\$568	\$855	\$855
2	\$473	\$681	\$1,872	\$2,727
3	\$473	\$817	\$3,096	\$5,823
4	\$473	\$981	\$4,572	\$10,395
5	\$473	\$1,177	\$6,336	\$16,731
6	\$473	\$1,412	\$8,451	\$25,182
7	\$473	\$1,695	\$10,998	\$36,180
8	\$473	\$2,000	\$13,743	\$49,923

Recommendation:

We recommend that Buena Borough increase their liquor license fees to the maximum allowed by law.

Revenue Enhancement (8 years): \$50,453

PERSONNEL

Due to its small size, the borough has no individual specifically assigned to the personnel management function. A standing committee of borough council oversees personnel issues. Several staff members share personnel management functions. The clerk maintains personnel records and is involved in processing, benefits enrollment and civil service matters. The finance officer is involved in pension and payroll functions.

Police and road department employees work a standard 40-hour schedule, while the non-contractual administrative and clerical employees work a range of hours. Generally, full-time

clerical employees work 30 hours per week, although there were several exceptions to this policy. There were also several employees working less than 30 hours and receiving health benefits.

In the course of the team's interviews, several department heads asserted that they required additional staff to efficiently complete their assigned duties. Evaluating the staffing levels for borough departments is difficult given the different hours and turnover of part-time staff. Some part-time employees are used sporadically and some positions remain vacant for substantial periods of time. Additionally, several employees hold multiple titles and the workload varies considerably throughout the year.

Generally, the staffing formulas used by LGBR convert the workload of a department into full-time equivalent (FTE) employees. The present 30-hour week for borough administrative and clerical is 14-25% less working hours than the standard 35-40 hour range found with other municipal employers.

Recommendations:

It is recommended that the borough increase the workweek of all full-time clerical employees to 35 hours. This recommendation would raise the hours of administrative staff by more than 16% and expand the accessibility of borough services to the public by an additional 1-2 hours each day, depending upon whether the borough elects to stagger scheduling.

The team acknowledges the possible expense associated with this recommendation. The salaries of administrative employees may be adjusted to reflect the increase in working hours. This increase in salaries, however, would be offset by a reduction in the need for part-time and seasonal employees to perform functions that would now be completed by full-time employees with extended hours.

The expanded working hours may provide further savings. Due to the small size of the borough and considerable variations in workload, an administrator with the authority to assign clerical staff to different functions among the various departments may be able to reduce the number of full-time clerical employees. This would allow the borough to realize the savings of a full-time salary and health benefits.

Personnel Policies

The borough recently prepared and adopted a personnel manual, for its employees, detailing the terms and conditions of employment. The personnel manual is quite comprehensive, incorporating the major state and federal employment regulations enacted in the past 20 years. In addition to its personnel manual, the borough has three collective bargaining agreements governing the terms and conditions of employment for road department, police officers and dispatching employees.

Interviews with borough employees indicated considerable differences between the employment regulations in the manual and the actual practices in place. Furthermore, the personnel manual

was not distributed to employees. Discussions with borough officials indicated the purpose of the manual was to qualify for employment practice liability coverage from the joint insurance fund (JIF).

Discussions with non-contractual employees found considerable tension surrounding personnel policies and compensation issues. Numerous employees expressed displeasure at the variations in attendance policies and compensation issues. Many informal agreements regarding hours of work, leave and compensation exist between employees and their corresponding council standing committees.

The team had additional concerns regarding the potential legal liability of the boroughs actual personnel practices not conforming to official policy. The borough had prepared the manual to satisfy requirements for employment practices liability coverage; however, its present practices may actually increase the borough's exposure to litigation.

Recommendation:

It is recommended that the borough ensure its actual employment practices are in compliance with its official personnel policy. The team believes this would improve morale and reduce tension among the non-contractual employees.

Compensation

During the team's review, compensation for non-contractual employees was a frequent topic of discussion. Generally, compensation for employees is determined through the interaction of several standing committees and formally approved through a salary resolution passed by the governing body.

The process for setting salary levels involves many factors. Interviews with several employees indicated that employees received paid leave in lieu of major increases in salary. Some employees indicated they worked fewer hours per week to compensate for lower salary levels. There appears to be no formal authorization of these terms and conditions of employment.

Several officials expressed concerns regarding the unsystematic method of setting salaries for non-contractual employees. The frequent use of the clerk typist title for numerous positions encompassing a wide range of duties seemed to add confusion to the process. Discussions with department heads indicated a wide variation in the level of skill levels required to perform various functions in the borough.

Discussions with borough officials indicated preliminary plans to systematize the present means of setting salaries. The officials expressed concerns over the present method of determining salary and considered the implementation of a graduated salary scale as a means to address this issue.

Recommendation:

It is recommended that the borough request a desk audit from the New Jersey Department of Personnel to determine appropriate titles for its administrative and road department employees. Such a review would provide a more objective and accurate appraisal of each employee's job duties. This information would provide better information for the governing body to set salaries that correspond more appropriately to the employee's actual skill level.

Generally, the team concurs with the proposed introduction of a graduated salary scale for borough positions. The team recommends the borough conduct a thorough analysis of compensation in other comparable communities. Additionally, the team recommends that progression through the salary scale be tied to performance for those employees not covered by a collective bargaining agreement.

Performance Evaluations

A comprehensive performance evaluation system is an essential management tool for setting performance goals and providing feedback to an employee regarding his or her performance. Ideally, an employee is counseled and provided with written standards of performance and objectives. After six months or a year, the employee is counseled regarding his or her adherence to standards and the performance objectives.

The borough does not prepare regular performance evaluations for its civilian employees. The police department tracks officer performance through a quantitative assessment of the officer's activity levels while on patrol. Some of the reasons cited for the lack of evaluations were the borough's unsystematic management of personnel actions and the relatively small size of the workforce.

Recommendation:

The team recommends that the borough require personnel evaluations of all full-time employees. As mentioned above, the borough should integrate a performance evaluation system with its method of compensating non-contractual employees.

HEALTH INSURANCE

The municipality participates in the State Health Benefits Plan (SHBP) for health benefits and prescription drug coverage. The borough allows employees to opt out of the health insurance program. Those opting out receive a payment of 50% of the premium for the type of coverage they would have selected.

The SHBP offers three types of plans:

- The Traditional Plan reimburses for the cost of hospitalization, doctor visits, surgery, various medical services, and supplies. There are no restrictions in choosing a physician. The Traditional Plan, however, does not cover preventive or wellness care.
- A Health Maintenance Organization (HMO) provides complete coverage, including wellness and preventive care for medical services provided by affiliated physicians and hospitals.
- New Jersey Plus combines managed care with the option to get reimbursed for services performed out of the NJ Plus network of physicians, hospitals or laboratories.

The borough is commended for utilizing the SHBP as their provider of health benefits.

Recommendations:

With the rising cost of health insurance, some school districts and other public entities are now requiring their employees to pay a 20% surcharge for medical insurance on coverages other-than-single. The borough should consider implementing this policy. Employees selecting any coverage other-than-single would pay 20% of the difference between the cost of the single coverage and the coverage chosen.

Potential Cost Savings: \$18,500

In addition, for those employees opting out of the health plan, reimbursement should be limited to one-half of the New Jersey Plus single coverage.

Potential Cost Savings: \$3,500

The team's review of enrollment data found a part-time employee receiving health benefits. It is recommended that the borough not provide this benefit to part-time employees.

Potential Cost Savings: \$2,053

The borough could set up a medical savings account under Section 125 of the IRS code to reduce the effect of the co-pay and to reduce the tax burden for its employees. The employee would be exempt from paying federal taxes on this account.

INSURANCE

Buena Borough has been a member of the Atlantic County Municipal Joint Insurance Fund (ACMJIF) since 1990. Coverage provided by the joint insurance fund (JIF) includes general liability, automobile liability, property, fidelity and performance, boiler and machinery, workers' compensation, police professional and public officials/employment practices liability. The JIF requires participation in all coverages offered and the commitment by the municipality is for three years. There are currently 36 municipalities in the JIF.

The premium for fund year 2000 is \$104,446. A dividend credit of \$12,538 was applied to the first payment. The total expenditure for the borough for the current year is \$91,908. The borough is currently making semi-annual payments to JIF instead of quarterly remittances.

Recommendation:

The borough should make payment to the JIF on a quarterly basis instead of semi-annually. This would enable the borough to earn interest on a quarter of the premium for approximately six months.

Revenue Enhancement: \$1,300

In 1987, 24 communities in Atlantic and Morris Counties joined together in response to the escalating costs of municipal insurance and formed the Municipal Excess Liability Joint Insurance Fund, or "MEL." The MEL has grown rapidly since its inception to an organization that insures approximately 300 municipalities and 60 utility authorities in New Jersey. These municipalities and authorities represent 16 local JIFs. The MEL provides excess coverage over the ACMJIF coverage for a total of \$5 million.

As a condition of participation in the JIF, the borough is required to appoint a commissioner to the JIF governing body. The borough has appointed one of their councilmen as the JIF commissioner and appointed a local insurance vendor as its risk management consultant. The JIF also requires the borough to designate a safety coordinator. The road department supervisor performs this function.

Below is the 2000 Assessment Allocation:

Loss Funds	Amount	Percentage
Property	\$8,027	7.68%
Automobile Liability	\$6,360	6.09%
General Liability	\$14,023	13.43%
Workers' Compensation	\$22,666	21.70%
Deductible	\$9,334	8.94%
Operating Expenses	\$16,330	15.63%
Municipal Excess Liability	\$21,794	20.87%
Risk Management Consultants	\$5,912	5.66%
Total Combined Assessment	\$104,446	100.00%

In addition, the itemization for the 2000 fund year for the ACMJIF and the MEL for the borough and its various additional insurers is as follows:

Entity	JIF	MEL	TOTAL
Borough of Buena	\$59,381	\$22,293	\$81,674
Minotola Rescue Squad	\$6,100	\$160	\$6,260
Landisville Fire Company	\$7,891	\$210	\$8,101
Minotola Fire Company	\$7,972	\$439	\$8,411
Total Assessment	\$81,344	\$23,102	\$104,446

The borough has an active safety committee, which meets quarterly. Based on our review of the lost time accident frequency report for the past three years, we conclude the borough has a very favorable ratio. For the years 1997 and 1998, they had no employee lost time due to accidents.

We commend the borough for its participation in the joint insurance funds as an effective and creative means for managing its risks and saving money.

FINANCE

Overview

The team reviewed the borough's financial practices. Generally, we found the borough managed its finances in a very conservative and prudent manner. Discussions with the governing body and staff indicated a strong commitment to fiscal responsibility. The table below provides a comparative analysis of the borough's general financial condition in comparison to other western Atlantic County communities:

	Equalized General Tax Rate	Municipal Budget Per Capita
Buena Vista Township	2.04	383
Buena Borough	2.60	717
Estelle Manor	1.90	865
Folsom Borough	2.09	509
Weymouth	1.89	433
Atlantic County Average	2.48	1,019

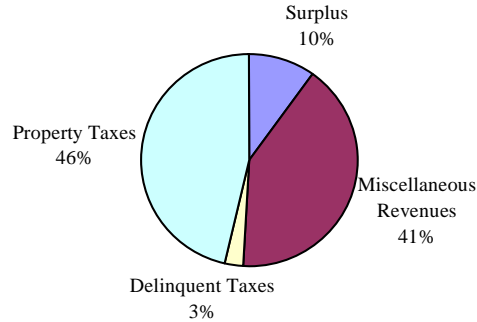
Source: NJ Legislative District Data Book

Although the borough has a higher level of municipal spending per capita than some area communities, it also provides a wider array of services, with police being a major component of its budget. Compared to the county average for municipal expenditures, however, the borough compares quite favorably with a per capita municipal budget approximately 30% lower than the rest of the county.

Budget

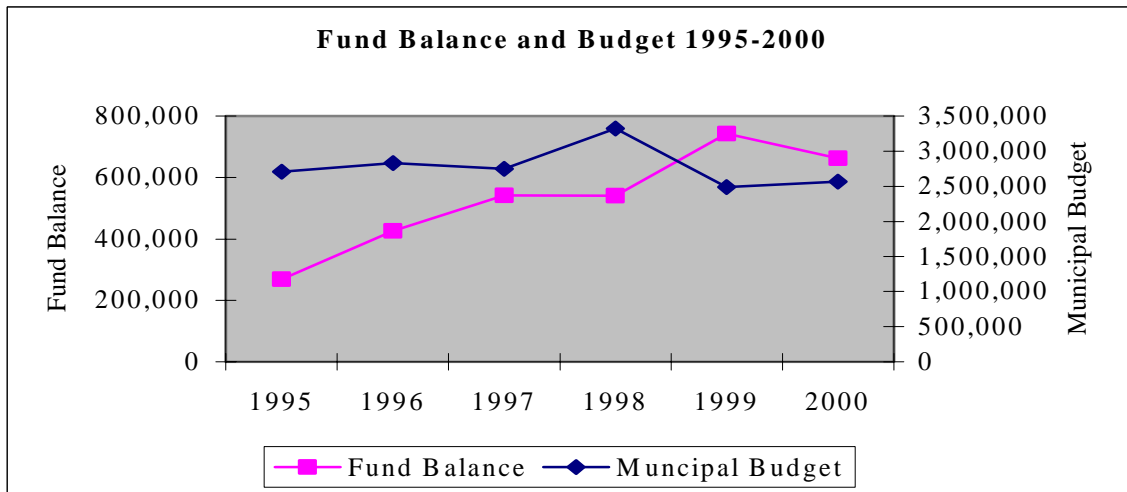
In 1999, the borough budget was approximately \$2.6 million. In analyzing the revenue structure of the borough's budget, the team found the distribution of funds to be fairly typical of municipalities in the state with a substantial portion consisting of property taxes and miscellaneous revenues. The chart below illustrates the composition of the borough's major sources of revenue:

1999 Budget Revenues



Fund Balance

The borough's fund balance, or surplus, has experienced steady growth throughout the latter half of the 1990s. Due largely to better than anticipated tax collection rates, the ending year fund balance has grown from \$268,531 in 1995 to \$742,970 in 1998. The borough has generally appropriated a range of 30-36% of the ending year fund balance as revenue in succeeding years' budget. For the 2000 budget, the borough appropriated 47% of the \$662,470 fund balance and reduced the local purpose tax rate. The graph below illustrates the growth in the borough's fund balance as compared to the municipal budget:



Further analysis indicates the potential to generate additional revenue through better than anticipated tax collections is diminishing. The borough's 6% improvement in its collection rate over the past several years and the corresponding reductions in the reserve for uncollected taxes are unlikely to reoccur. The 1999 tax collection rate of 98.12% will be increasingly difficult to

surpass. In all probability, the tax collections in excess of the anticipated rate of 97% in the 2000 budget will not result in a full replenishment of the fund balance to the prior year's level. The relatively slow growth in the borough's added assessments will not make up for this shortfall.

Maintaining adequate levels of surplus is an important element of the borough's financial condition. Sufficient surplus enables the borough to meet unforeseen expenses and has an effect on the liquidity required to satisfy its financial obligations in a timely manner. A strong surplus position also enables the borough to minimize fluctuations in the tax rate by appropriating surplus as revenue "shock absorbers." Additionally, a stable and prudent surplus history is a credit strength that serves as an important determinant in the borough's cost of debt service.

Recommendations:

It is recommended that the borough review its use of the fund balance. Although the team understands the fund balance had grown substantially faster than the municipal budget, the future possibility of reduced fund balances coupled with reductions in the collection rate may result in serious revenue shortfalls in succeeding years' budgets.

Staffing

The finance department consists of the chief financial officer and the assistant municipal treasurer. In addition, there is an employee in the green thumb grant program who works two days per week. The office is responsible for all treasury, finance, and budget functions including purchasing and payroll. In 1999, personnel expenditures for the finance office were \$61,535. This represented actual salary paid to the employees as well as the cost of medical benefits and payroll taxes. Other expenses totaled \$36,042.

The assistant municipal treasurer is responsible for generating purchase orders, reconciling bank statements, and creating the bill list, as well as the payroll function. The finance office generated 1,424 purchase orders in 1999.

Based on our interviews and observations, we found the finance office to be well organized and properly managed. The finance office provided requested documents in a very timely manner. We do, however, feel that the office could benefit from enhanced training on the utilization of electronic spreadsheets.

Recommendation:

We recommend that the CFO and the assistant treasurer consider enrolling in computer classes provided by New Jersey Human Resource Development Institute. They provide excellent one-day seminars at the nearby community college for electronic spreadsheet generation and advanced applications.

One-time Value Added Expense: \$316

Purchasing

The team reviewed purchasing practices in the borough. Generally, the borough's procurement of goods and services is cost-effective, with frequent use of cooperative and state contract prices.

Although problems infrequently arise with late vendor payments and requirements for emergent purchases, the borough's purchasing practices are unremarkable. The team randomly examined 250 purchase orders and found no major deficiencies in accountability or business practices.

The team's review of professional service contracts found fully executed agreements with detailed descriptions of services and appropriate fee schedules. A concern of the team, however, is that the solicitor receiving compensation through salary, rather than a conventional fee for service arrangement as with most professional services. It is the position of LGBR that salaried professionals are appropriate for only those individuals reporting to the municipality as a primary place of business and subject to the same management controls as other borough employees.

Recommendation:

It is recommended that the borough compensate its solicitor through a conventional fee for service arrangement.

CASH MANAGEMENT

The team reviewed the borough's cash management practices in order to determine if the municipality was maximizing its interest earnings while adhering to sound business practices. The chief financial officer (CFO), who is responsible for investment decisions and any changes to the banking relationship, handles all cash management functions. The borough maintained all its cash balances with one bank, with the exception of one certificate of deposit, which was held by another banking institution. The resolution naming authorized depositories of the borough specifies five banks. The chief financial officer and the assistant treasurer/clerk prepare the bank account reconciliations. The municipal court administrator reconciles the bail and violations accounts. The CFO does not currently generate a cash flow analysis.

Recommendation:

It is recommended that a comprehensive cash flow analysis be prepared in compliance with N.J.S.A. 40A:5-14. This will determine the availability of potential short and long term investments.

Banking Services

The borough selected a local bank as its primary depository of municipal funds. The bank has serviced the borough for over 25 years. As of December 31, 1999, the borough maintained 25 accounts with its bank, consisting of 22 operating and trust accounts and three certificates of deposit. The average interest rate earned was approximately 3% on the operating and trust accounts and approximately 5% on the certificates of deposit. There is no formal agreement between the borough and the bank.

The bank does not currently offer automated on-line banking services. On-line banking services are typically used for wire transfers, balance reporting and as an efficient means of transferring funds as well as managing cash flows.

The borough recently requested a proposal for banking services from another local bank. The proposal was competitive; however, the current banking arrangement is more favorable.

We commend the borough for soliciting bids to other banking institutions.

Recommendations:

The team recommends that the borough continue to solicit competitive bids through a Request for Proposal (RFP) from several financial institutions. This proposal should clearly define interest rates, required compensating balances, reserve requirements and all service and per unit charges. This will enable the borough to make a comparison of services and related costs to ensure the best value for banking services.

The borough should choose a banking partner based on overall performance including: convenience, level of sophistication and array of services, return on investment, cost of the most frequently used services, accessibility to banking representatives, future branch construction plans and community reinvestment, among others.

We also recommend that the borough execute a written agreement with its bank to specify the terms and conditions of its financial relationship.

Account Analysis

The bank did not provide an account analysis; however, the monthly statement did specify the interest rate and the average collectible balance. With this information, the team was able to recalculate the interest earned and verify that the bank's stated rate of interest was accurate.

The average collectible balances (investable balance) ranged from approximately \$329,000 to \$780,000 during the year. Our analysis included a comparison of interest earned by the borough to the potential earnings of investments through the New Jersey Cash Management Fund (NJCMF) as well as the 91-day T-bill. These amounts were \$16,488 for the bank, \$21,538 for NJCMF, and \$20,218 for the 91-day T-bill. Although these other investments indicate a higher rate of return, the liquidity needs of the borough dictate that they cannot invest all of their cash holdings into the NJ Cash Management Fund or Treasury Bills.

The team's analysis of interest earnings concludes that the borough earned an excellent rate of return on its current account, especially considering the free banking services received. This account represents about 50% of the borough's operating and trust accounts balances. The other 50% of its balances, however, earned approximately 2%.

The team reviewed all certificates of deposit (CDs) for 1999. We recalculated the interest rates to ensure that the stated rates on the CDs were the actual rates paid by the banking institutions. We compared these rates to the New Jersey Cash Management Fund rates. The rates were very comparable. The borough earned \$43,270 on its certificates of deposit for 1999.

We commend the chief financial officer for prudently investing funds in certificates of deposit, as well as negotiating an excellent rate of return for the largest operating account.

Recommendation:

If the borough continues to deposit funds with this bank, it should negotiate a more competitive interest rate for all their bank accounts. The borough could increase their interest earnings if all operating and trust accounts earned interest at a rate similar to the current account.

Revenue Enhancement: \$6,000

TAX COLLECTIONS

Staffing

The tax collector holds the dual position of deputy municipal clerk/tax collector. During 1999, staffing for the tax collector's office consisted of the tax collector, who spent approximately half her work week in the tax office and one part-time employee, who worked half the year. This equated to approximately $\frac{3}{4}$ of an employee for 1999. The tax collector is responsible for issuing tax bills, collecting tax levies, processing delinquent accounts, generating monthly reports, reconciling bank statements and other tax related duties.

In 1999, the salary and direct benefit costs for this department were approximately \$41,970. This included the employer costs of medical and dental benefits as well as payroll taxes. Other expenditures were \$4,193, which included such expenses as office supplies, printed forms, and miscellaneous expenses. The total cost of the tax collection effort was \$46,163.

There are 1,763 tax lines within the municipality. An efficient workload ratio identified in previous Local Government Budget Review (LGBR) reports is between 3,300 to 4,000 tax lines per staff person. The ratio for the borough, based on $\frac{3}{4}$ of a staff position, is 1:2,350. Since the tax office is relatively small in size, it is sometimes difficult to achieve efficiency levels that larger operations can accomplish due to economies of scale. Although there are a small number of tax line items in the borough, the office is still responsible for administrative and reporting functions that are performed in larger municipalities. Based on our interviews and observations, the tax office appears to be efficiently operated and well organized with a helpful, courteous staff.

The tax office is open from 9:00 a.m. to 4:00 p.m. Monday through Friday and in the evening on Wednesdays from 6:00 to 8:00 p.m. According to the tax collector, there is virtually no activity on Wednesday evenings. The tax office has counter service for walk in traffic, and remains open during lunch hour. The borough uses the same vendor to provide computer software and support for both the tax office and the finance department. All money collected by the tax office is deposited in the bank by the tax collector or clerk's staff.

Collections

Payments are due February, May, August and November. The tax bills are mailed in July, after the borough receives the certified tax rate from the county board of taxation. The borough currently does not have the capability of generating its own tax bills in house; therefore, a vendor provides the tax bills for a fee.

The collection rate for 1999 was 98.16%. As the following comparison indicates, the percentage of collections has steadily increased during the last five fiscal years from 92.7% in 1995 to 98.16% in 1999.

Comparison of tax levies and collections:

Year	Tax Levy \$	Collections \$	Collection %
1999	\$4,245,941.95	\$4,166,008.24	98.12%
1998	\$4,109,888.24	\$4,004,915.63	97.44%
1997	\$4,184,527.81	\$4,019,529.24	96.06%
1996	\$4,054,598.81	\$3,860,844.18	95.22%
1995	\$3,944,026.94	\$3,656,288.58	92.70%

As noted in previous LGBR reports, the State of New Jersey recognizes an average/acceptable current tax collection rate of 95%. The borough's collection rates have been well above that acceptable benchmark for the last four years. The tax collector attributes the high collection rate to the collection procedures in place. Delinquency notices are sent out quarterly. After the August quarter, a personalized letter is sent with the delinquency notice. If taxes are still delinquent after the November quarter, a letter is sent specifying that the property will be listed in the newspaper for tax sale and the date when that will occur.

The borough conducts a tax sale once a year, usually in January. Determinations as to which properties to foreclose on are left to borough council, with advice from the tax collector.

We commend the borough for its successful tax collection efforts.

Automated Posting

There are currently two mortgage brokers who provide the tax office with a diskette for automated posting. This accounts for approximately 350 line items, which is about 20% of the total 1,763 tax line items. Automated posting is a much more efficient method of processing tax payments than posting manually.

Recommendation:

The tax collector should attempt to increase the number of automated postings by contacting other mortgage brokers or banks and taking the necessary steps in order to automate payments.

Operations

The tax billing and collection process is very standard in its procedures, as prescribed by statute. The bills are printed and shipped to the borough by a vendor at a cost of approximately \$375. Once the bills are received at the borough, they are verified, stuffed, stamped, and mailed to the residents. Although a vendor outsources tax billings, the added and omitted billing is generated by the tax collector. This results in cost savings for the borough.

Payments to the tax office are due quarterly (August, November, February, and May), with the first two quarters' bills being actual bills and the last two quarters' bills being estimated. Each account is given a ten-day grace period before penalties are assessed. The borough sets an 8% and 18% statutory interest charge limit for delinquent payers and a flat 6% penalty for accounts with an outstanding balance in excess of \$10,000 at the end of the year, as allowed under N.J.S.A. 54:5-61.

Often municipalities will utilize the annual tax bill mailing as a method of communicating with their citizens. An insert can be included with the tax bill, which may not increase the cost of postage and, thereby, convey some pertinent information to the general public at no cost to the municipality. This can be an excellent method of communication. In 1999, the borough included a newsletter with their tax bills. The tax office included information on tax exemptions, building permits, dog licenses, and other pertinent information. It also included a brief description of the council members and their duties.

We commend the borough for their efforts in communicating pertinent information to their citizens in a cost efficient manner.

TAX ASSESSOR

The borough is located within the confines of the area known as the Pinelands. Forty-seven percent (2,289 acres) of the total 4,865 acres in the borough is affected by Pineland regulations. The Pinelands is a natural land reserve covering 53 towns in seven counties in southern and central New Jersey. Overall, the borough has generally experienced slow growth in its assessed valuation and a substantial large farm component of its ratable base reflects the rural character of the area.

The following chart indicates a breakdown of the municipality by property classification for the last four years (number of lines in each property classification):

Property Class	2000	1999
Vacant Land	248	253
Residential	1,146	1,142
3A & 3B	245	246
Commercial	124	121
Total	1,763	1,762

The borough has maintained a relatively stable ratable base over the last several years. Growth of the ratable base has proceeded at a relatively slow pace of less than 1% per year. The revaluation of the borough was conducted in 1995 for the 1996 tax year. The following table illustrates the borough's ratable base:

	1997	1998	1999	2000
Total Assessed Valuation	\$138,346,700	\$138,881,200	\$139,953,100	\$140,438,400

Buena Borough has maintained a steady tax rate throughout the last several years. A breakdown of the general tax rate in the borough shows that the percentage of taxes for county, school and local purposes has remained relatively stable.

	1997	1998	1999
General Tax Rate*	2.799	2.753	2.837
County Portion	21%	20%	20%
School Portion	49%	49%	49%
Local Portion	30%	31%	31%

*Per \$100 of assessed value

Staffing

The tax assessor has over 12 years of experience. He is available to the public on Mondays between 9:30 a.m. and 12:30 p.m. His staff consists of one part-time assessing clerk, who is also available on Monday and Wednesday evenings. He is also the part-time assessor in Lumberton, Southampton and Tabernacle, all located in Burlington County. Should the situation arise, he is available any time at these other locations.

The assessor is active in the Burlington County Assessors Association and regularly attends conferences and seminars and is the continuing education coordinator. It appears that he enjoys a good working relationship with the borough officials. Having been a former resident with several relatives still in the borough, the assessor maintains a positive rapport with taxpayers and officials alike.

A concern that the assessor had was the imminent retirement of his assessing clerk. In anticipation of this event, the assessor hoped that his work hours could be extended to complete his field work and office functions and still be available to the taxpayers during the day. Taking this one step further, if the borough were to consolidate his office duties and allow him to connect his Microsystems database with his other towns (which are presently using the Microsystem), the assessor could easily access information no matter where he was physically located.

Revaluation of assessed valuation

Several factors need to be analyzed in order to determine if the borough should contemplate an update of the assessed values. This would include a review of the: 1) equalization ratio, 2) coefficients of deviation, 3) quality of property record cards and 4) quality of office technology. The reason to perform an up-date of assessed values is to distribute the tax burden equitably within the district by assessing each property at the current market value.

Equalization Ratio

The current equalization ratio of 94.10% indicates that properties are selling for more than their assessed value. Updating the assessments to 100% of market value would have a lesser impact on the taxpayer as compared to a complete revaluation.

1997	1998	1999	2000
94.46%	93.86%	93.65%	94.10%

Coefficients of Deviation

This is a method of statistically analyzing a group of assessment/sales ratios. A higher coefficient of deviation indicates a poorer degree of uniformity of assessments and a likely need for revaluation. A lower coefficient of deviation indicates a better degree of assessment uniformity in the taxing district. For the purposes of this report only the general coefficient will be examined. The general coefficient is the measure of variation in assessment/sales ratio for all properties sampled without regard to property class, property size or other property characteristics. Because of the small number of sales sampled, this may not be a fair indication of assessment uniformity.

# Sales Sampled			
1996	1997	1998	1999
8	31	25	35
8.07%	8.65%	14.46%	16.52%

IAAO standards on ratio studies indicate that the acceptable range is 10-20%, but less than 15% is better.

Property Record Cards

Since the last revaluation in 1995 for the 1996 tax year, the assessor has continually updated the property record cards to reflect any changes in ownership or the physical characteristics of the property.

Office Technology

The assessor's office utilizes the Microsystems computer system for the updating of ownership records and any physical changes of properties within the borough.

The Atlantic County Board of Taxation enters all SR-1A data into its own Vital Computer system and sends a proof listing to the assessor for his comments and approval. This is done as a courtesy by the county tax board since, traditionally, there are so few sales in the borough during the sampling period.

Recommendation:

It is recommended that the borough continue to monitor its statistical assessment data to insure its assessed values are close to 100%. If the assessed values begin to substantially change in relation to market values, the borough should consider an internal update of its assessed values. This may necessitate more hours for the assessor but would allow the borough to avoid the costs of contracting for a complete revaluation by a third party firm.

County Tax Board

The relationship enjoyed by the assessor with the Atlantic County Tax Board is one of mutual cooperation and is to be commended for its simplicity and effectiveness. It is typical of the positive atmosphere that exists between the county tax administrator and the borough and their commitment to the effective administration of local property taxation.

Added Assessments

The growth in the borough's added assessments have slowed considerably from 1997-1999. Consequently, the ability to generate additional revenues through expansion of the ratable base has been substantially reduced. The table below illustrates this trend:

Added Assessments		
Year	Full Assessed Value	Total Taxes on Added Assessments
1999	882,000	11,305.87
1998	1,219,900	15,261.04
1997	1,409,600	34,046.34

Building Permits

At the time of this review, no specific breakdown of building permit data was available. However, the assessor estimates that he processes an average of 60 building permits each year for the last several years. A review of the 1997-1998 added assessment lists indicates that the assessor is doing a good job of picking up these additional ratables for the municipality.

Tax Appeals

The borough experienced moderate losses in valuation over the past several years from tax appeals. The following tables illustrate the appeal activity for the years preceding the review:

2000	2 appeals filed at County Level
1999	5 appeals filed at County Level
1998	6 appeals filed at County Level
1997	1 appeal filed at County Level

1999 Assessment – Judgement		1998 Assessment - Judgment		1997 Assessment – Judgment	
198,400	179,400	186,200	169,300		0
<u>1,295,600</u>	<u>1,025,000</u>	<u>554,200</u>	<u>413,100</u>	<u>151,617</u>	<u>136,492</u>
1,494,000	1,204,400	740,400	582,400	151,617	136,492

COURT

While the team recognizes the separate authority and responsibility of the judicial branch of government, we make the following comments and recommendations to provide the borough with information on current and potential operations, procedures and programs available to the court. Recommendations are made with the knowledge that further review and approval by the appropriate personnel is required.

Operations

The team observed a number of court proceedings, toured the facilities, and interviewed essential persons working in, or directly associated with, the borough municipal court. The court sessions observed by the team were conducted in an orderly and professional manner. The municipal court staff appeared knowledgeable and qualified.

Court sessions are scheduled on the first and third Wednesday of every month. The first session of the month is a day court session and the third Wednesday of the month is evening court. Six times a year an additional day session is scheduled for “trials only” which is the third Wednesday of the month. In 1999, there were a total of 28 regular court sessions and two special DWI sessions. Two of the additional day sessions on Wednesdays were cancelled. The typical docket consisted of approximately 150 traffic violations and about 10 criminal matters.

The court added 2,501 complaints in 1999. There were 2,212 traffic summonses and 289 criminal complaints issued during 1999. The traffic summonses consisted of five parking violations, 2,123 moving violations and 84 DWI summonses. They disposed of 2,665 complaints.

The court administrator is responsible for responding to calls to sign commitments 24 hours a day. The borough court has adopted a “fax complaints policy” as authorized by the Supreme Court for instances when it is not expeditious to contact the judge. This procedure involves telephone contact with the court administrator, whereby she transmits signed documentation by fax. Upon return to her office on the next business day, she confirms all copies of the documents and signs the originals. She utilizes a pager and facsimile machine, which the borough supplies. Since the court administrator is salaried, there is no overtime associated with call-outs when performed by the administrator.

We commend the borough for utilizing the “fax complaints policy” as authorized by the Supreme Court.

Finance

In 1999, the salary and wage expenditures for the municipal court were \$65,983. This represents actual salary paid to the employees as well as the cost of medical benefits and payroll taxes. Other expenses totaled \$4,682. The salary and direct benefits paid to the judge in 1999 totaled \$13,628. The judge did not receive medical benefits. Compensation paid for substitute judges due to illness or conflict of interest was between \$150 and \$200 per court session. A substitute judge presided over the court twice in 1999.

During 1998, the court collected \$323,813 in revenue. The borough retained \$130,052 of this revenue. The court disbursed the balance to state and county agencies. The court administrator maintains a bail account and a general violations account. Both accounts include criminal and traffic offense fines and both are interest-bearing accounts. The monthly bank reconciliations are prepared on a consistent and timely basis. All fines collected are transferred to the borough, the county, and various state agencies, no later than the 15th of the month.

Recommendation:

The team’s analysis of the available cash in bank and year-to-date earnings demonstrated that the borough could have earned a more competitive interest rate on its fund balances.

Revenue Enhancement: \$665

Organization/Staffing

During 1999, the municipal court had a staff of two full-time employees and one part-time employee, as well as a judge. The full-time staff of the court consists of a court administrator, responsible for the overall management of the department, and one deputy administrator. There is also a court recorder/interpreter, who only works during court sessions.

The judge presides over each court session, and is on call 24 hours a day to handle emergency matters that may occur. During court sessions, the court recorder/interpreter works at the bench monitoring the recording system. During the sessions attended by the review team, the court recorder/interpreter was called upon several times to assist defendants as an interpreter. The court administrator assists the judge and enters dispositions into the automated traffic system/automated complaint system (ATS/ATC). The deputy court administrator works in the office cashiering, preparing time payment applications, and processing papers for those sentenced to probation, community service, or attendance at the intoxicated driver resource center.

At a typical session, the judge addresses the court at 1:00 p.m. and reads the instructions pertaining to the use of the public defender, civil reservation, and other legal matters. The judge then clearly defines specific points to the court. Defendants are given an opportunity to meet with the prosecutor or public defender. For defendants requesting the services of the public defender, the judge questions them on the record regarding their financial position.

The police department provides security during court sessions by assigning a part-time officer to each session. The judge's bench is equipped with a bulletproof shield and alarms are installed at the bench and in the court office. The police department also handles prisoner transportation. If a prisoner misses a meal due to being in court, the police department provides one. However, this occurs infrequently and the expense is minimal.

We commend the judge for questioning indigent defendants on the record concerning their financial status. Some courts simply require a defendant to complete an application requesting household income information. Defendants tend to be more forthright when required to testify in court and this may reduce the number of defendants utilizing free legal council who have no financial hardship.

Facilities

The municipal court and the court administrative offices are located in borough hall. The courtroom appears to be adequate in size, however, there needs to be some rearrangement of the furniture in the courtroom to make optimal use of the space. Although the posted room capacity is 159, actual occupancy is less than 100.

The records held for retention by the court staff are stored in the court administrator's office, a small conference room and the former courthouse, which is a small, poorly maintained building adjacent to the borough hall. From our discussions with the court administrator, there are some court documents in the small conference room which need to be examined and either destroyed or organized for easy retrieval.

Recommendation:

We recommend that excess furniture in the courtroom be removed in order to optimize space, thereby providing greater seating capacity.

The New Jersey Division of Archives and Records Management (NJDARM) offers advisory services to municipalities regarding their retention of records. The Buena Borough Court Administrator should contact the NJDARM concerning this free valuable service.

Case Management

The court operates the automated traffic system (ATS) and automated criminal system (ACS) from the state Administrative Office of the Courts. The ATS/ACS software provides elaborate record keeping and case tracking for the municipality and the state judicial system. The ATS has been in use since 1988, and the ACS since 1994. The staff appears knowledgeable in the various features of the systems.

The current caseload per month per employee is 111 cases. Many factors affect the ability of a court staff to process cases. Foremost is the composition of parking, moving violation, and disorderly person (criminal) cases. For Buena Borough, it consists of less than one percent for parking, 82% moving and 18% criminal/DWI cases. Other factors include the training, experience, and diligence of the staff. The borough's caseload per employee appears low in comparison to several other courts we reviewed. Since the court is relatively small in size, it is sometimes difficult to achieve certain efficiency levels that larger courts can accomplish due to economies of scale. The 1999 statistical ATS/ACS reports show the average case disposal rate was 107% indicating that the staff is effectively utilizing the ATS/ACS computer.

Good cooperation between the police department and court administration is essential in managing an efficient operation. Issues such as the transportation and housing of prisoners, scheduling of police officers for testimony, and processing persons into prison can cause significant overtime and staff frustration if not properly coordinated. Based on our review of the court dockets, it appears that almost all police officers are scheduled for every court session. By consolidating an officer's court appearances to once per month, the overtime associated with court appearances could be reduced significantly.

Our review of the ATS monthly management reports shows an average of 18 summonses issued each month by the local officers are not entered into the Automated Traffic System within the recommended four-day time frame. This is approximately 9% of all tickets added during the year. Not having summonses entered into the system in a timely manner, may cause operational difficulties. Motorists may appear at the violation bureau to pay their fine before the court has entered a summons into the system. In order to accommodate the motorist, the court often processes the ticket using the motorist's copy. At times, the copy is difficult to read resulting in clerical errors that require additional time to correct.

Recommendation:

The court should make every effort to ensure that traffic tickets are entered into the automated traffic system within the prescribed four day time period. When traffic tickets are not received in a timely manner, the court administrator should notify the police department and indicate specifically which tickets are late so that corrective action can be taken. In addition, a greater effort should be made to coordinate the police schedule with the court calendar to minimize police overtime.

Time Payments

Sometimes defendants are unable to pay the fines assessed in court. In these cases, the judge may allow a defendant to make periodic payments or “time payments.” In many courts, time payments become delinquent, requiring aggressive follow-up by the court staff. The value of the time payments accounts as of April, 2000 was \$169,952.

The municipal court may be a candidate for the comprehensive enforcement program (CEP). The CEP is offered through the Administrative Office of the Courts (AOC) by application. The program assists the courts in locating defendants who failed to make the required payments and have not responded to collection methods. According to the legislative guidelines regarding this program, the CEP retains 25% of the amount collected.

Recommendation:

The borough should consider filing an application with the Administrative Office of the Courts (AOC) to participate in the comprehensive enforcement program for the collection of delinquent funds. Due to the variables involved in the collection process, we provide a conservative estimate of 10% of out-standing time payments.

Revenue Enhancement: \$16,995

Credit Card Payments

Recent revisions to the rules governing the administration of the NJ Court System permit municipal courts to accept credit cards for most payments due to the court. The borough has not yet adopted the use of credit cards in the court. Using credit cards may minimize the number of time payment applications. This would save the administrative time needed to process the time payment applications as well as provide a more timely receipt of cash.

Recommendation:

The municipal court should consider accepting credit cards for municipal court payments.

Failure-to-Appeal Notices

During the period reviewed, the court produced and mailed Failure-to-Appeal (FTA) notices promptly after each court session. Timely mailing of these notices is an important feature for both the enforcement of summons to appear and for the internal financial controls of the court.

We commend Buena Borough Municipal Court for their timely and consistent generation of failure to appear notices.

PUBLIC DEFENDER

The Municipal Public Defenders law, N.J.S.A. 2B:24-1 et. seq. requires each municipality to hire a public defender. Buena Borough has contracted with a law firm to provide this service. The law also provides that the borough may charge an application fee of up to \$200 for those requesting a public defender as long as an ordinance is adopted. The typical fee assessed by the judge in Buena Borough is between \$100 and \$200. The borough is to use the fees to offset the costs of contracting a public defender, including expenses relating to expert witnesses, and discovery.

During 1999, the judge granted 22 requests for the public defender. Since most defendants who are assigned a public defender participate in the time payment program, the borough did not collect all the fees in 1999. Public defender fees collected in 1999 were \$1,666, which reflected both current and past due fees.

The current public defender has served the borough since January, 1999. The borough paid the public defender \$160 per court session in 1999 for handling all cases assigned. This amounted to a total of \$1,160 for regular sessions and \$160 for one special DWI session. One regular session was cancelled due to a very light caseload. The public defender does not receive health, sick leave, or vacation benefits and there are no other budget lines assigned to this function.

The public defender generally appears at one court session per month. He meets clients at the borough hall prior to the court session and estimates that he spends between 45 minutes to one hour per case. Based on the assignment of 22 cases to the public defender in 1999, the average cost per case was \$87.

Recommendations:

We recommend that the governing body adopt an ordinance which stipulates the application fee that the judge can assess for representation by the municipal public defender.

The borough should consider reducing public defender sessions to once every two months. Based on the present public defender schedule of once a month, there were less than two cases per session on average in 1999. Scheduling the public defender for six sessions per year would result in approximately three to four cases per session, which is still a very light caseload.

Cost Savings: \$960

PROSECUTOR

The council of the Borough of Buena appointed the prosecutor for the purpose of providing representation to the borough and to the State of New Jersey in the municipal court of Buena Borough. In addition, the prosecutor provides legal advice to the police department. The prosecutor at the time of this review has been serving the borough since 1993. During the team's review, the prosecutor was present for each court session, prepared for his cases, and ready to proceed on all matters. The prosecutor plea-bargains a significant volume of the cases in consultation with the complaining officer and the defendant. This serves to expedite the court docket.

One of the duties of a prosecutor is to assist with the record management pertaining to the discovery process. Accordingly, when a case involving a borough police officer goes to trial, the defending attorney requests a copy of the police file concerning the case. The police records bureau makes the copies and mails the documents to the prosecutor, who reviews the file and forwards it to the attorney. The borough established a \$20 fee in conjunction with the prosecutor for discovery. Fifteen dollars is retained by the prosecutor and five dollars goes to the borough.

The prosecutor has a one-year professional contract as outlined in the resolution. The terms of the agreement for 1999 and 2000 provide compensation for the year at \$4,950 for up to 30 appearances, which is equivalent to \$165 per session. Any additional appearances are billed at \$95 per hour. Expenses for telephone calls, facsimile charges and photostatic copies are billed in addition according to the agreement. In reviewing the municipal court expenses for 1999, there were no additional payments made to the prosecutor. There were, however, two DWI sessions for which the prosecutor was paid \$191 per session.

POLICE

Overview

The Borough of Buena Police Department operates in a rural center in western Atlantic County. The department services a 7.4 square mile community with a population of 4,607. As in many smaller municipalities, police personnel must often perform multiple functions that would otherwise be assigned to specialists in much larger departments. Discussions with borough officials indicate that the department evolved from primarily a part-time operation to its present use of both full and part-time employees.

The borough crime rate has largely followed state and regional trends. As in the county and the state, the borough has experienced a reduction in its UCR (Uniform Crime Report) reportable crimes, falling from 31.5 crimes per thousand residents in 1997 to 28.4 crimes in 1998. Compared to neighboring communities in western Atlantic County, the borough has a UCR rate that is typical for the area:

	Crime Rate	Violent Crime Rate	Non-Violent Crime Rate
Buena Borough	28.4	1.7	26.7
Buena Vista	18.4	2.7	15.6
Folsom Borough	31.9	2.7	29.2
Estelle Manor	13.0	0.6	12.3
Atlantic County	71.3	6.1	65.1

Financial

Police operations comprise the largest single portion of the borough's operating expenditures. Total expenditures related to these operations were \$860,302 in 1999. Of this amount, police salaries cost \$420,237, direct benefits \$221,034 and other expenditures \$30,153. Dispatch operations cost \$139,414 for salaries, \$46,448 direct benefits and \$3,016 for other expenditures.

In 1999, the borough collected \$54,466 in revenues for providing dispatching services through an interlocal service agreement with three communities. The team reviewed the department's CAD data workload and found the client communities provided revenues in close proportion to their share of the CFS workload.

Organization

The civilian director of public safety oversees the police department. The chief is responsible for the daily management of the department. The department consists of 15 full-time and 13 part-time employees. The sworn ranks consist of ten full-time police officers and five part-time police officers. Civilian employees consist of a police records clerk, five full-time and five part-time dispatchers. The department also employs three civilian school-crossing guards.

The team's review of the department's rank structure indicates a very lean span of control for the department's superior officers. The chief of police and a sergeant supervise seven patrol officers and a detective for a span of control of one supervisory rank to four line officers. The chief works from 8 a.m. to 4 p.m. and the sergeant works from 3 p.m. to 11 p.m. to provide continuous supervision during the department's peak workload hours.

Staffing Analysis

The team performed a staffing analysis to determine the minimum number of police officers required for patrol duties. Presently, patrol staff works a standard 5-2 schedule (days on/days off) of eight hour shifts. Due to the need to provide EMT coverage during the day, the department uses a combination of fixed and rotating shifts.

The International Association of Chiefs of Police (IACP) created a formula to determine patrol staffing levels based upon the department's Calls For Service (CFS) workload. According to the IACP formula, an average of 45 minutes is consumed by a single patrol unit to respond to each call for service. This time is the actual time consumed by the patrol unit from the time it is dispatched until the time the patrol unit is cleared of the call.

The team reviewed the department's computer-aided dispatch (CAD) reports to determine the required hours to service the patrol workload. In reviewing the CAD data, the team deducted calls resulting in dispatching outside agencies or a civilian administrative response.

Additionally, we adjusted the CFS data to reflect the backup responses that were not reported by the borough's CAD system. Due to the limited capabilities of the department's CAD system, the team was unable to determine the average consumed time for the department. Using the IACP standard of 45 minutes per call, the department consumed 5,578 hours of patrol time in responding to 7,437 calls for service.

In addition to calls for service, police officers have other duties, such as, high visibility patrols, training and other administrative activities. The IACP formula uses a multiplier of three to account for these miscellaneous duties. When this multiplier is applied to the department's call for service workload, all patrol activities consume 16,733 hours. The following formula is used to determine the minimum number of full-time patrol officers:

Calls for Service Demand Staffing Model:

1. 7,437 CFS multiplied by .75 (45 minutes) = 5,578 Consumed CFS hours;
2. 5,578 Consumed hours multiplied by 3 for unobligated patrol and other activities = 16,733 hours required for all patrol activities;
3. 16,733 hours divided by officer availability of 1,700 = 9.84 patrol units; and
4. 10 patrol officers required for patrol duties.

A total of eight sworn officers are assigned to patrol functions. Although the above formula indicates that two additional officers are needed, given the relatively low UCR crime rate and less serious nature of the department's call volumes, the team believes that the patrol function is properly staffed. Additionally, most rural and suburban communities reviewed by the team had average consumed times of substantially less than the IACP standard of 45 minutes.

Uniforms

The borough has implemented very cost-effective uniform maintenance and procurement policies. Pursuant to the police collective bargaining agreement, police officers receive a clothing maintenance allowance of \$425. This allowance is used for cleaning and maintaining the police officer's uniform. A survey of regional police departments indicates this is a very inexpensive allowance for this function.

The department utilizes a quartermaster system for uniform issue and replacement. This is the preferred method for purchasing uniforms. Under this system, the department issues all required uniforms to new, full-time police officers. Rather than receiving a uniform allowance, the borough repairs or replaces individual uniform articles as they are damaged or worn through normal wear and tear. In 1999, the borough spent \$2,047 on police uniforms for an average cost of \$204 per officer. The dispatchers utilize the same uniform purchasing policies as the police officer and receive a uniform maintenance allowance of \$150 per year.

The department is commended for having a very cost-effective uniform procurement and maintenance policy.

Criminal Investigations

The department assigns one detective to criminal investigation. Due to the small size of the department, the detective is tasked with numerous administrative duties including, case file management, background investigations and evidence control. The detective also serves as an assistant firearms instructor, disposes of abandoned vehicles and, occasionally, responds as backup to patrol units.

Given the numerous administrative functions performed by this officer, the team concludes this function is staffed efficiently. Using the UCR reportable crime index as a general guide to appropriate staffing, the borough has a ratio of one detective for 131 index crimes. From past reviews of police departments, we have established a benchmark of one detective for every 122 UCR index crimes. In 1999, the department had a clearance rate of 31% as compared to the county average of 23%.

In addition to his law enforcement duties, the detective is the borough's the right-to-know officer. This mandated program requires the borough to maintain listings of chemicals in use by the borough and instruct borough employees in the regulations.

Recommendation:

It is recommended that the borough transfer right-to-know duties from the detective to the road department supervisor. The road department uses most of the borough's hazardous chemicals and the supervisor is in a better position to update the inventory.

The team also recommends that the borough eliminate salary payments for this function. In many communities, public works employees typically perform this function with no additional compensation.

Cost Savings: \$2,000

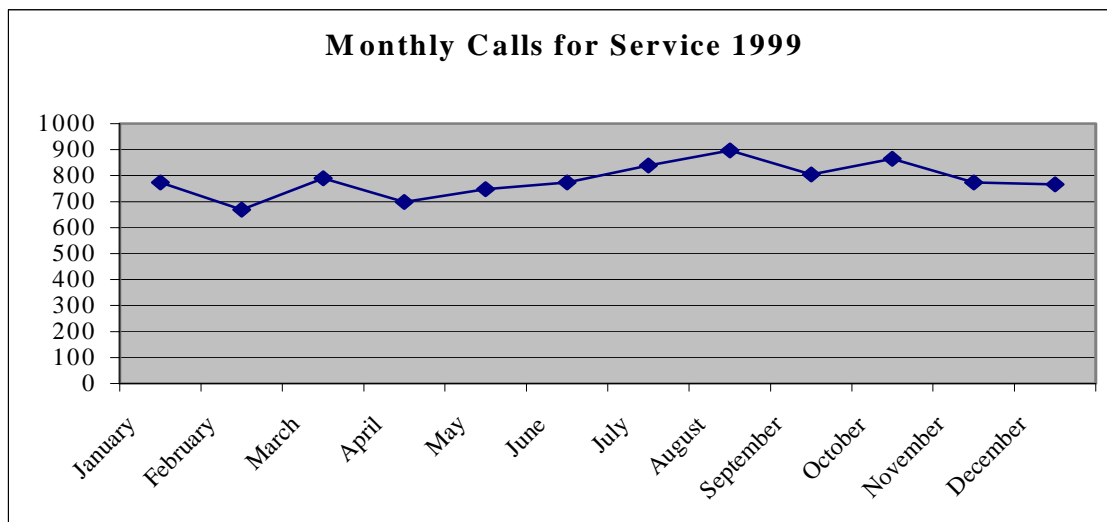
Dispatching

The borough provides dispatch services for a wide area in western Atlantic County. The department dispatches fire, police and emergency medical services to Buena Vista Township, Weymouth Township and the Borough of Folsom, covering a land area of approximately 69 square miles, with a population of 17,139. Providing coverage over this wide area requires the department to dispatch two police agencies, three ambulance squads and 10 fire departments.

The chief's administrative assistant/communications supervisor oversees the daily operations of the dispatch center. The department's five full-time communication officers work 40 hours per week. The borough uses part-time employees to fill vacancies created by full-time dispatchers on leave.

Dispatch Workload: The team reviewed computer-assisted-dispatch (CAD) reports to evaluate the communications workload of the department. In 1999, dispatchers received 9,324 calls for service (CFS) for an average of 1.06 CFS per hour over the year. Discussions with police officials indicate that call volumes can often vary widely depending on the time of day.

As the chart below indicates, seasonal CFS volumes do not vary significantly throughout the year:



The team compared the workload of the borough's dispatchers with data obtained from consolidated county dispatch operations. With more cost-effective alignment of staffing to workload, the team's statistics indicate that county dispatchers process an average call volume of six calls an hour for each dispatcher. The team's review of other municipal dispatching operations throughout the state found similar disparities in productivity.

The team's discussions with county officials indicated no immediate plans for a comprehensive county-wide dispatching operation. A survey of western Atlantic County communities found several departments operating separate dispatch operations that could be regionalized to provide more cost effective dispatching. Although police officials expressed reservations regarding the ability of consolidated dispatch operations to address the specific needs of the community, LGBR's reviews of other municipalities with county dispatching found no major operational problems.

Recommendations:

It is recommended that the borough approach the county to express interest in county-wide dispatch services. As an internal function, the team believes the department operates in an efficient manner with a very commendable effort in providing regional dispatch services. However, even with the provision of dispatch services to four communities, the borough's productivity levels are substantially lower than a county operation.

More populous counties have successfully implemented county-wide dispatching with considerable long-term savings in capital and operating expenses. Additionally, a

centralized dispatch operation would have greater resources to process the high CFS traffic levels that sometimes overwhelm the capabilities of smaller dispatch operations. Although capital upgrades for compatible radios would be considerable, the reduction in operating expenses would offset this expense.

Law Enforcement Alternatives

A frequent topic of discussion with borough officials is the cost of maintaining a police department for a small community with limited valuation. Several communities with larger populations in the region rely on state police for law enforcement services at no additional cost to the local purpose budget. Additionally, the borough's limited financial means to support a police department has made this function disproportionately expensive. Our survey found \$15,168,711 of taxable property value per sworn officer in the borough as compared to the Atlantic County average of \$19,986,943.

To compensate for these financial constraints, the team found the department to be efficiently staffed. Additionally, the borough's collective bargaining agreement contains very cost-effective provisions to further reduce personnel costs. Discussions with police supervisors and line personnel indicate that this situation has resulted in high turnover rates and low morale among the department's sworn contingent.

The team researched alternatives to the present mode of providing law enforcement services. The team's review of contracted police services from adjacent municipalities found this option to be financially unfeasible due to substantially higher position costs of these police officers. The team calculated the cost of coverage of five patrol officers and a detective and found the savings to be negligible.

One option is to request state police to provide law enforcement services. A state police barracks is located in the adjacent Township of Buena Vista. Although the state police services are provided at no cost to municipalities, the response times and high visibility patrols provided by a municipal police agency may be substantially reduced.

Police Vehicles

The department assigns its vehicles to individual officers according to a method known as the Lexington Plan. Under this plan, each officer is permanently assigned a vehicle and is allowed to use it for commuting purposes from their private residence. Every sworn officer from chief to the line patrol officers is assigned a vehicle. The rationale behind this practice is that the department realizes greater operator accountability for the care and operation of the department's vehicle fleet. Additionally, this practice provides faster responses of officers from off-duty to fill unscheduled staffing vacancies and respond to other events.

Although the Lexington Plan offers some operational advantages, several cost factors should be considered when reviewing the plan:

1. The commuter mileage associated with the police vehicle that was previously the personal expense of police officer and is now paid for by the borough in its fuel and maintenance expenditures.

2. The insurance costs of maintaining additional vehicles for assignment to every officer in the borough.
3. The cost of additional radios and accessory equipment for an expanded vehicle fleet.

The team reviewed the commuting distance of police officers and determined that most of the officers assigned to a car resided in the borough. Assuming that the officers live one mile from borough hall, the team estimates that the vehicle fleet has an additional 4,600 miles in commuting mileage each year. Using a state benchmark of \$0.23 per mile to fuel and maintain a police vehicle, the team determined a cost of \$1,058 for the cost of commuting.

Recommendation:

It is recommended that the borough review the assignment of police vehicles to its sworn officers. This process necessarily weighs the benefits of improved maintenance and officer pride of ownership with the cost factors listed above.

Sick Leave

The team found excessive sick leave usage for line officers. The team reviewed 1999 sick leave usage and found officers taking an average of 9.4 days of sick leave per year. Generally, police officers in communities reviewed by LGBR use approximately 5-6 sick days per year. A review of collective bargaining provisions indicates that verification for sick leave usage is required for absences of five consecutive days or for each instance after 10 cumulative days in a calendar year.

Sick leave usage among police officers in departments with minimum staffing levels costs the borough in two ways. First, the borough loses officer productivity for the paid time while not being on duty. Secondly, it incurs additional costs when an officer is recalled to duty to fill a vacancy.

Recommendations:

It is recommended the borough try to reduce average sick leave usage by three days. We recommend the borough should negotiate a change in the collective bargaining agreement to reduce the number of days required for a police employee to provide written verification of an illness to three consecutive days and six cumulative days.

Potential Productivity Enhancement: \$4,080

FIRE SERVICES

Two fire districts provide fire protection services for the borough. The fire districts are autonomous public agencies, each with a separate governing body consisting of five elected commissioners. The length of each commissioner's term is three years with an annual election

held on the third Saturday of every February. The funding for the districts is primarily raised through the local property tax levy. The budgets are prepared by the districts and submitted for voter approval.

The boundaries of the borough's fire districts correspond to the borough's two unincorporated communities, Minotola and Landisville. While each district has a governmental structure, the component fire departments have a separate table of organization for operational purposes. Interviews with district personnel indicated no paid employees performing fire duties for either agency.

The team was impressed by the strong identity each fire district had for its community and the dedication of district personnel to provide responsive fire suppression service to the community. Discussions with fire personnel also indicated a high level of cooperation in mutual aid.

Service Area

The borough primarily consists of residential and agricultural areas interspersed with commercial corridors. Due to the absence of high rise buildings, the districts do not require capital purchases of expensive aerial ladder trucks. Mutual aid is available from neighboring communities.

A major obstacle to the efficient suppression of fires is the limited access to fire hydrant services in certain sections of the borough. The central commercial and residential areas of the community receive public water while the peripheral agricultural areas are not supplied with this service, comprising approximately 50% of the borough's land area. To address this hazard, the fire districts are equipped with tankers to convey water to areas not served by hydrants. Small brush trucks are also used to gain access to areas not served by public water or improved roads.

FIRE DISTRICT NUMBER ONE

Fire District Number One provides fire services for the Landisville area. Although the district is a public entity, the volunteer fire company is a separate organization with the primary operational mission of fire suppression. The district provides administration of the public funds used for fire services. In 1999, the fire company responded to 102 alarms. Of this amount, six incidents were dwelling fires and the remaining calls were responses to minor incidents or activated alarms.

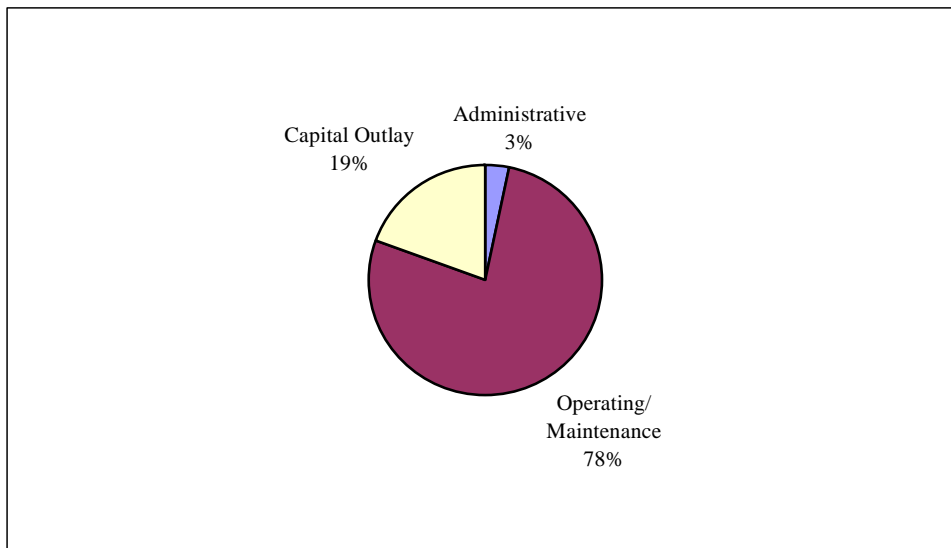
Recruitment is an important part of maintaining a viable volunteer fire company. Response protocols require a 60% attendance rate for alarms and drills to maintain an active status. Discussions with fire personnel indicate that despite occasional turnover, the district's recruitment efforts have been largely successful in providing a stable pool of volunteer firefighters. Equipment issued to firefighters is stored at the firehouse location and replaced on a fair wear and tear basis.

The fire district has followed a very economical policy in acquiring its apparatus and vehicle fleet. The district purchases used fire apparatus and reconditions them to serve as frontline

equipment. Volunteers perform maintenance on the apparatus at no cost for labor to the department. The department has also retrofitted vehicles to serve the specialized needs of the department.

Financial

The district budget is typical of fire districts throughout the state with a heavy volunteer component. In 1998, the district had a budget of \$67,100. The tax levy for the district has remained relatively stable, fluctuating from \$67,200 in 1994 to \$67,100 in 1998. The following table illustrates the distribution of expenditures for 1998:



A concern of the team is the number of recurring auditor comments regarding the method of maintaining treasurer's records and budgeting practices. For three years (1996-1998), the district failed to maintain a general ledger and general journal. Although the district does maintain cash receipts and cash disbursement records as a form of financial control, this practice is at a substantial variance from accounting standards for local government units in New Jersey.

At the time of the review, the fire district was planning to automate its financial and reporting systems. Presently, many records are manually prepared. The team believes the district would benefit from the implementation of this computer record keeping capability and correction of deficiencies in accounting.

Recommendation:

It is recommended that the district consult with its auditor to select an appropriate computer software program to correct all recurring deficiencies noted in the annual audits.

FIRE DISTRICT NUMBER TWO

The boundaries of Fire District Number Two encompass an unincorporated section of the borough known as Minotola. A volunteer organization operates out of the fire station, the Minotola Volunteer Fire Company. The team's review of the district's finances and activity reports indicated a high degree of automation, with requested information provided in a timely manner.

The team's review of the fire district's equipment inventory indicated a very appropriate stock of assets on hand in relation to the fire threats in its jurisdiction. The fire apparatus and facility appear to be well maintained. The team noted that the department apparatus and ancillary vehicles were painted with a distinctive color scheme.

Although the fire station is located in the extreme southern portion of its coverage area, the availability of land often precludes the most optimal site for fire response. A separate emergency response unit, a rescue squad providing emergency medical services, is also located in the district.

A review of workload data indicated 103 fire-related incidents in 1999. Of this amount, two were structure fires with the remainder of the responses consisting primarily of mutual aid and alarm responses.

Financial

The approved budget for 1998 amounted to \$115,750, of which \$114,500 in property taxes were levied. Debt service was the largest single component of the budget, amounting to \$59,200 for the 1986 construction of the building and the 1992 purchase of a telesquirt fire truck. Due to these debts, the budget is divided almost evenly between debt service and operating costs.

The team's review of financial documents indicates considerable improvements with the district's accounting and budgeting methods. The district appears to be expanding its use of computers in all facets of accounting, asset management and incident reporting.

PLANNING FOR FIRE PROTECTION

Length of Service Award Program

The borough is very fortunate to have volunteers perform its fire fighting services. Many municipalities throughout the state are having difficulties maintaining volunteer ranks and must resort to a fully paid staff or hybrid arrangement. The costs for supporting these organizations are substantial.

Discussions with borough and district officials indicate that consideration will be given to participation in the length of service award program (LOSAP). This program creates a financial incentive through the creation of an annuity that is awarded to volunteers after a required term of service. Participants must respond to a proscribed percentage of alarms and drills to qualify for the program benefits.

Although the fire districts generally report successful recruiting efforts, discussions with local officials indicate that area employment dynamics are changing. The pool of potential volunteer firefighters is declining as residents increasingly commute to jobs outside of the community. As time and work constraints grow, the fire companies may have difficulty with volunteer turnover.

Recommendation:

It is recommended that the fire districts pursue adoption of the LOSAP program. With minimal costs of a yearly contribution to an annuity fund, the districts can provide an additional incentive to recruit and retain volunteers.

Fire District Consolidation

Within the Borough of Buena, the team reviewed four separate local governments. Many communities provide all these services with a single governmental entity. The duplication of similar administrative functions can create greater costs for the community. In addition to the administrative costs of maintaining a separate local government, cost savings in operations, facility costs and capital acquisitions can sometimes be realized through consolidation.

A major consideration for the consolidation of the fire districts is the distribution of fire apparatus in the community. Insurance Service Office (ISO) fire rating criteria establishes a standard service area of a first-due engine company within a 1½ mile radius of its station location for built-up portions of a community. The Landisville Fire Company is centrally located and its geographic position can provide coverage to the bulk of the commercial-residential core of the borough. The Minotola Fire Company occupies a station in the borough's extreme southeast quadrant and its 1½ mile radius significantly overlaps with the Landisville service area. Portions of the borough's outlying farmland and low-density residential areas are outside the ISO standards for coverage by a first-due engine company from both fire companies.

The team acknowledges the conscientious efforts of fire district officials to contain costs while providing effective fire service to the community. We also understand the social dynamics of volunteer organizations and the need to develop a strong sense of identity for successful recruitment and retention. Although the immediate savings are minimal, there are some long term savings to consider:

1. Better financial management through the use of professional municipal staff in budgeting and accounting functions.
2. Lower debt service costs through municipal bonding of major capital purchases.
3. Better coordination of capital purchases to more closely assign fire protection assets to fire rating formulas of geographical distribution.

Recommendation:

It is recommended that the borough consider consolidation of fire services in the form of a single fire district or a municipal department. Many communities in the state have no fire districts, with the municipal government providing aid for apparatus and operating costs.

As in all matters of public safety, major changes in organization and operating procedures must be thoroughly planned by the appropriate agencies. It is recommended that the borough and fire districts form a joint committee to study these recommendations to determine the feasibility of implementation.

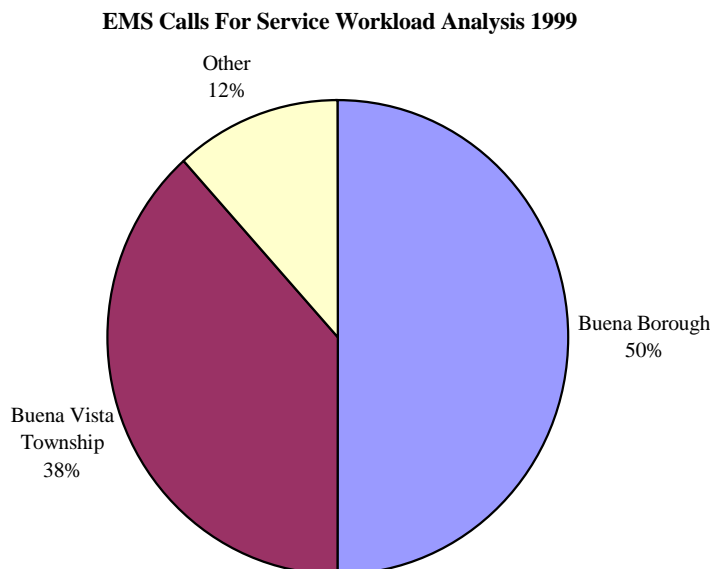
The team projects minimal immediate savings. However, substantial long-term savings in administration, capital purchases and better financial management could result from this action.

Cost Savings: \$4,000

EMERGENCY MEDICAL SERVICES

The borough provides Emergency Medical Services (EMS) through a volunteer rescue squad and paid employees. Additionally, the borough provides EMS coverage to Buena Vista Township and, occasionally, provides mutual aid to other area communities. During the peak working hours during the business week, a dispatcher/emergency medical technician responds to calls and is replaced at the dispatch console by the administrative clerk/dispatcher. The volunteer rescue squad provides coverage for the balance of the day and weekends.

During the review, the neighboring Township of Buena Vista was preparing to form its own rescue squad. Discussions with township officials indicated that it would become operational in the summer of 2000. In 1999, the township formed a substantial portion of the borough's EMS workload. The chart below illustrates the composition of the rescue squad's 649 calls for service in 1999:



A concern regarding the formation of a new rescue squad is the negative financial effect to the volunteer squad regarding the possible loss of private donations from the township and financial support from its municipal government. The anticipated reduction of approximately 38% of its call volume will result in standby costs being borne almost entirely by the borough.

Recommendations:

It is recommended the borough consider billing its residents for emergency medical services. Many communities throughout the state are billing patients to subsidize the cost of emergency medical services. Additionally, many communities throughout the state adjust their billing policies to ensure that uninsured or low-income individuals are not aggressively pursued by third party agencies.

We also recommend the borough contact the City of Vineland to determine if it would provide daytime EMS coverage for the borough in return for billing proceeds. Through this action, the borough may be able to reduce its standby costs by reducing the daytime dispatch staff. The team estimates that this arrangement could save approximately \$25,000. However, due to the variables involved in implementing this recommendation, the savings are not included in the report's savings spreadsheet.

Equipment

The squad maintains two ambulances for its EMS operation. Interviews with rescue squad members indicated that one of these vehicles is approaching the end of its useful service life and will have to be replaced. Due to the potential financial difficulties listed in the above section, raising sufficient funds for this purpose may prove difficult.

Recommendation:

It is recommended the ambulance squad consider the Volunteer Emergency Service Organization (VESO) program to finance the purchase of the vehicle. The program provides up to \$50,000 in low interest loans for equipment, vehicles or facility restoration. The NJ Department of Community Affairs administers the program through its fire bureau.

PUBLIC WORKS

Organization

The road department performs the borough's public works functions. The department has four full-time employees. The organization is comprised of a working supervisor, one road repairer and the remaining two employees are considered as driver/laborers. Due to the small size of the department, employees share most tasks including, operating equipment, driving trucks and performing general laborer functions.

The department is responsible for maintenance of the borough roads, yard waste (leaves) collection, minor vehicle maintenance and repairs. The road department also assists with the

maintenance of public buildings, property and parks. Municipal household waste and recycling collection are outsourced. The public works facility is located approximately 1.3 miles from the borough hall and is centrally located within the borough's 7.6 square miles.

The department supervisor not does have the state-required public works managers certificate. However, in accordance with N.J.S.A. 40A:9-154.6g(d) the borough applied for an exemption. This exemption was approved on September 22, 1997 by the Division of Local Government Services and is valid for five years. The team's review of the personnel records in the borough clerk's office indicated the three non-supervisory employees were classified as laborers in non-competitive positions even though one employee is performing duties as a road repairer. The job description and the compensation indicate this employee is working out of his approved civil service job title.

Recommendations:

The team recommends that the borough review New Jersey Department of Personnel approved job titles as they presently appear in the personnel files of the clerk's office. At least one employee appears to require a title change through a departmental promotional review with NJDOP. The other road department employees should also be reviewed to determine if their present titles are appropriate.

Although the borough has received the five-year exemption for the public works manager certification, the team recommends the supervisor complete the requirements for certification. This certification will enhance the ability of the supervisor to manage his department's operations.

Financial

In 1999, the cost of the road department operations services was \$185,213. Of this amount, \$144,694 was for salaries and direct benefits and \$40,519 for other expenses.

Additionally, the borough's contracted solid waste collection cost \$189,608. The solid waste cost is further distributed as follows:

Recycling Collection	\$32,275
Municipal Household Waste	\$38,295
Tipping Fees	\$74,602
Environmental Investment Charge	\$41,436
Waste Transport (Miscellaneous Borough Projects)	\$3,000

Operations and Management Control

The department performs road maintenance, maintains athletic fields and performs special projects as needed. The department is very responsive in that it provides curbside collection service of leaves and branches in the spring and fall at the residents' request. The department has no mission statement but does have an established table of organization.

The employees report to the public works facility at the beginning and the end of the workday. A time clock is used to document the employee's time. There is no written work order system in place to record the employee's work activity or the materials and supplies used to complete scheduled assignments. The equipment used by the department to perform the various tasks is relatively new and is in very good condition.

Due to the small number of employees and the extensive sharing of tasks, the work assignments vary considerably from day to day. This wide range of activity levels is also due to absenteeism within the department. Excessive absenteeism is a major factor in preventing the timely completion of not only routine work tasks, but also time critical projects. This is especially true in the parks and public buildings function, where the single employee has a high rate of absenteeism.

While the leaf collection service is the most labor intensive task, other major activities include:

- patching of potholes and minor road repairs;
- cleaning of catch basins;
- trimming of street trees;
- picking up branches and limbs;
- cutting of grass in ball fields and park;
- road side cutting and trimming of grass and weeds;
- snow plowing;
- street sweeping;
- installing street signs; and
- minor equipment repair.

Sick Leave

The team reviewed sick leave usage from 1997 through June, 2000 and we conclude that an excessive use of sick leave has occurred in this department for many years. To compile and analyze the effect of absenteeism on all public works-related operations, the buildings and grounds employee is included in the calculations. The road department employees assist this individual in completing his daily tasks and perform his duties in his absence.

For the purpose of this review, it should be noted that each employee receives 15 sick days per year, accumulated at the rate of 1 1/4 days per month. Sick days may be carried over from year to year. The road supervisor was not included in the calculations.

Listed below is a chart summarizing the number of days that line employees used sick leave from 1997 through June 30, 2000:

	1997	1998	1999	2000
Sick Days	46.5	83.5	73	31
Number of Employees	3	4	4	4
Average Sick Days/Employee	15.5	20.9	18.3	7.8

Recommendations:

We recommend that the borough should negotiate a change in the collective bargaining agreement to reduce the number of days required for an employee to provide written verification of an illness to three consecutive days and six cumulative days. The existing collective bargaining agreement does not provide management with sufficient controls to reduce sick leave usage.

Additionally, there is no annual employee evaluation system in place to review employee performance. We recommend the borough use attendance as a key standard in evaluating employee performance.

Using the benchmark of 6.5 sick days per employee that other public works operations have achieved for sick leave, the borough would have realized a productivity gain of approximately 45 workdays in 1999. The absenteeism rate for 2000 is projected to be very similar to 1999.

Potential Productivity Enhancement: \$5,424

Fleet Maintenance

Vehicle and equipment maintenance plays a vital role in enabling municipal governments to accomplish their daily tasks. The mission of the maintenance operation should be to provide effective and efficient equipment/vehicle service that affords the users ample and safe equipment. A preventive maintenance (PM) program should be an integral part of the operation. A good PM program includes the routine, scheduled inspection, alteration and replacement of equipment parts and fluids to correct conditions that may result in future mechanical failure. A properly implemented PM program not only increases the service life, but also the operational availability of the equipment fleet. Increased availability is directly related to the amount of equipment required to meet the needs of the borough. When vehicles and equipment are available, fewer backups are required. Lastly, improved routine, preventative maintenance produces lower acquisition and maintenance costs.

The borough operates a small fleet of vehicles and equipment to provide services to the community. The vehicles include:

- 1999 Dodge ¾ ton pick-up 4x4;
- 1985 Dodge one ton pick-up 4x4;
- 1974 Ford five-yard dump truck;
- 1983 GMC five-yard dump truck; and
- 1995 GMC five-yard dump truck.

The 1999 pick-up is assigned to the supervisor and is in excellent condition. The department employees use the remaining vehicles as work vehicles. The 1995 dump truck has approximately 12,000 miles and is well maintained. The 1974 and 1985 vehicles were purchased used, have high mileage and are in poor condition. The work vehicles average approximately 4,000 miles annually.

The list of other major equipment used by the department includes:

- 1999 Case 621C wheel loader;
- 1999 John Deere 5210 tractor with bucket and flail mower;
- 1982 Case 885 tractor with flail mower;
- 1999 John Deere 345 mower;
- SATOH S650G tractor mower;
- Simplicity Hydro 14 mower;
- 1978 Elgin sweeper;
- 1969 Cleveland grader;
- 1985 Vermeer wood chipper;
- 1997 Old Dominion leaf vac;
- 1989 leaf vac;
- three salt spreaders;
- four snow plows; and
- four trash containers.

Preventative Maintenance

The road department is responsible for the maintenance of all vehicles and equipment used to perform their services. The department maintains a vehicle logbook with a daily inspection form for each motorized piece of equipment. Prior to the vehicle leaving the road department yard, the driver conducts an inspection, reviewing various operational checkpoints such as fluid levels, turn signals, brake lights, and notes any deficiencies. Any safety-related deficiencies are reported directly to the road supervisor. The team reviewed several logbooks and confirmed that the employees were complying with this policy.

Although the annual mileage on vehicles is minimal, approximately 4,000 miles, they are serviced two times a year. Other motorized equipment, with the exception of the wheel loader, are routinely serviced in the same manner.

Repairs

While no staff person is specifically assigned to maintain the equipment, two employees perform minor repairs as needed. No work order system is in place and a vehicle/equipment history file is non-existent. Employees perform routine oil changes, tunes-ups, starter work, battery replacement, tire changing and minor electrical problems. The facility is adequate with respect to available workspace to perform the repairs. The department out-sources more technical repairs and scheduled services of the heavy equipment to local vendors. A review of expenditures for repairs to the equipment and vehicles, with the exception of the wheel loader, are listed below:

1997	1998	1999
\$9,724	\$5,116	\$8,169

Recommendations:

The team commends the department for the implementation of the pre-inspection form that is completed prior to each vehicle use. This procedure is most useful in monitoring the daily condition of vehicles. However, this is the only document the department had available to determine or detect vehicle problems. The team recommends that a work order system be implemented, detailing the service or repair work to be performed, including parts and labor, for each vehicle.

It is further recommended that the borough establish a vehicle file for each piece of motorized equipment. This document should provide a history of all repairs and services performed on the equipment, including in-house repairs and outsourced work. While no specific cost savings can be calculated, an accurate record of maintenance performed on the equipment will provide the borough with useful information in planning for equipment replacement.

Fuel Usage

In September of 1997, the borough executed an interlocal services agreement with the Buena Regional School District to purchase gasoline and diesel fuel from the district's pumps, located adjacent to the high school. This facility is less than two miles from the public works yard. The district provides the borough with a printout summarizing monthly fuel usage by date, vehicle and employee. This report enables the borough to closely monitor vehicle fuel consumption.

In addition to the use of the school fueling facilities, the borough maintains its own 500-gallon gasoline tank. At the time of the review, the borough was in the process of purchasing a similar size diesel fuel tank. Discussions with borough officials indicated that the reason for maintaining fuel at the public works yard was the inconvenience for the workers resulting from the distance to get fuel.

The borough purchases gasoline from a local vendor for its tank. A review of the quantity of fuel used and the cost per gallon, as compared to the school district price, indicated that the average price of gasoline per gallon was very comparable, with minimal savings realized from the district's pumps. For use of the borough pump, employees document fuel usage in a hand written logbook indicating vehicle number, mileage and amount of fuel. Without spending a significant amount of time reviewing the logbook, fuel usage cannot be effectively monitored. The team notes that the records were disorganized, messy and of no significant value.

Recommendations:

The team recommends that the borough terminate the use of the gasoline tank system that is located at the public works yard. The borough fueling system is vulnerable to spills, vandalism and potential pilferage. The tank does not meet current safety guidelines and the ability to account for fuel usage is poor. Similarly, while the borough is planning the installation of a diesel tank, the team recommends that this effort be discontinued for the same reasons stated above.

By contrast, the school district has a modern facility less than two miles from the borough yard. The key entry security system enables the district to provide the various users with computerized reports of fuel usage by employee, date and time, vehicle and gallons dispensed.

If problems occur in securing diesel fuel for the large wheel loader, the team recommends that the borough coordinate the use of the diesel tank maintained by the municipal utility authority, less than a quarter mile from the public works garage. This arrangement has been accomplished in the past.

Solid Waste

Generally, the team found that the borough provides solid waste collection services at a very competitive cost. The borough presently contracts the household waste and recycling portions of its collection services to third party vendors. The borough's road department collects vegetative waste and operates a convenience center for the residents to drop off recyclables and other materials.

The tipping fees for the borough's solid waste disposal have dramatically changed in the past five years. The following table illustrates the borough's tipping fees for 1996-2000:

	1996	1997	1998	1999	2000
Municipal Solid Waste	\$121.83	\$120.65	\$52.50	\$47.50	\$47.50
Bulky/Industrial Waste	\$98.25	\$96.94	\$52.50	\$47.50	\$47.50
Construction/Demolition	\$65.00	\$65.00	\$65.00	\$65.00	\$65.00
Vegetative Waste	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00

Cost for ton.

The chart below summarizes the costs of services for managing the aggregate solid waste flow of the borough from 1997 to 1999, as well as projected costs for 2000. While the tipping fee has been reduced, the increased expense of recycling collection has stabilized the overall cost of providing the services.

	1997	1998	1999	2000
Collection Costs	\$42,264	\$80,844	\$74,234	\$74,812
Tipping Fees	\$151,286	\$91,222	\$72,319	-0-
Environmental Investment Charge (EIC)	-0-	\$41,436	\$41,436	\$41,436
Total Solid Waste Costs	\$193,550	\$213,502	\$187,989	-0-
Cost per Household*	\$109.91	\$121.24	\$106.75	-0-

*Based on 1,761 households.

These costs do not include the expenses of the environmental cleanup of the rag factory as a grant was obtained for this purpose.

For solid waste costs, the cost per household of \$106.75 is much lower than neighboring communities largely because the borough does not pay for the composting of vegetative waste

services, including tipping fees. The road department crew provides this service. A review of the collection procedures and the costs attributed to each service of the solid waste system follows.

Recycling

The Atlantic County Utilities Authority (ACUA) provides recycling services to all borough residences on a biweekly basis. Recycled goods are collected on Fridays. Typical items recycled include paper products, telephone books, paperback books, catalogs, corrugated cardboard, glass bottles, aluminum, steel, aerosol cans, paint cans, plastics and household batteries.

Previously, the ACUA provided this service to all municipalities through its solid waste tipping fees. The tipping fees covered the cost of collection and processing recycled materials. However, as a result of the legal decision regarding solid waste flows, the ACUA advised all municipalities that as of March 1, 1999, this service would longer be provided as a component of the tipping fee.

The borough entered into an interlocal service agreement with the ACUA for the continued collection of recycled materials. The initial contract for collection was \$2,654 per month with no separate charge for the disposal or processing of the materials. The current agreement, for the year 2000, is \$2,751 per month. A summary of recycling tonnage and collection costs from 1997 through 2000 (projected) is listed below:

	1997	1998	1999	2000
Tonnage	443	445	464	-0-
Collection Costs	-0-	\$26,542 (10 months)	\$32,275	\$33,009
Cost per Ton	-0-	\$71.57	\$69.55	-0-
Cost per Household	-0-	\$18.09	\$18.32	\$18.74

A review of the expenses associated with the recycling program indicate that the borough is receiving the service at a comparable level and cost as neighboring communities in the western section of the county. The collection rate of \$69.55 per ton in 1999 is similar to other municipalities in the area.

Recommendations:

The team recommends that the borough continue its interlocal service agreement with the ACUA for recycling collection. As indicated in the above narrative, the borough receives collection service for recycled materials at a comparative cost with neighboring communities.

A review of the volume of materials recycled by the residents indicates steady growth in collection. However, the team recommends that the borough request a monthly

performance report from the ACUA summarizing the volume and composition of recycled goods collected. This report can be used to monitor participation in the recycling program to determine if additional publicity or education is needed. Greater participation in the recycling program may result in savings in tipping fees.

Convenience Center

The borough provides a convenience center located at the landfill site behind the road department garage. The center is available to all borough residents and is open on Friday afternoons. Additionally, the center was open one Saturday a month during April, May and June. Contractors and businesses are not permitted to use this facility. The residents are charged a fee to use this center. The minimum fee schedule is as follows:

- \$8 per pickup load;
- \$50 for up to 11/2 cubic yards of roofing shingles;
- \$75 for 11/2 to 3 cubic yards of roofing shingles;
- \$2 minimum for bulky household waste; and
- \$1 for each tire.

Items accepted at the center include; tires, drain oil, household hazardous waste, paint cans, vehicle batteries, scrap metal, white goods, concrete, building debris, brush and grass clippings.

The team observed this operation on a Friday afternoon and a Saturday morning. One road department employee is assigned to work the center on Friday's while two employee's work the Saturday operation. A borough employee greets residents entering the center to determine the type of material in their vehicle and collect the appropriate fee. The residents are then directed to one of the four borough-owned dumpsters to dispose of their waste. Grass clippings and brush are dumped in the back of the landfill. The resident is provided with a receipt upon paying the fee.

The volume of activity on Saturday was much greater than on Friday afternoon. Discussions with the road department employees indicated that Friday afternoon use of the center is minimal. The team attempted to determine the number of residents that use this facility and volume and types of material collected but was unable to do so with the records that were available. The monies that are collected are taken to the borough hall on Monday mornings.

Recommendations:

The team commends the borough for providing the convenience center for its residents. We recommend that the borough expand the operations to include at least one Saturday per month. Providing monthly Saturday service will enable residents access to the center several times a year and serves as an alternative to illegal roadside dumping.

While additional service is being suggested and realizing that additional expenses will be incurred, the team recommends that one employee be assigned to work the center on

Saturdays, rather than two. The center is designed to control access to the yard, enable the employee to inspect the vehicle, secure the information requested and monitor the activity at the dumpsters. Using one employee rather than two will minimize the additional cost.

It is further recommended that an entry log be established and maintained for each day the convenience center is open. The information should include the resident's name, address, type and approximate volume of material being disposed and amount paid. This information can then be summarized into monthly and annual reports for the borough to review and analyze when preparing future budgets and scheduling operations.

Value Added Expense: \$1,500

Municipal Solid Waste

A private contractor presently provides curbside municipal household solid waste collection. The borough has a three-year contract for this service that expires December 31, 2001. Weekly service is provided with approximately one-half the borough receiving service on Tuesday and the remainder of the borough on Wednesday. In addition to the normal household waste, residents are entitled to dispose of one bulky waste item per trash collection day.

The same private contractor has provided curbside collection for several years. There is no formal procedure or documentation of missed collections or service problems. Borough officials are very satisfied with the level provided by this contractor. The team's review concurs with borough officials concerning this operation. The costs associated with municipal household waste collection are listed below:

	1997	1998	1999	2000
Tonnage	1,388	1,581	1,505	-0-
Tipping Fees	\$151,286	\$91,222	\$72,319	-0-
Collection Costs	\$38,497	\$38,497	\$38,295	\$38,295
Total Expense	\$189,783	\$129,719	\$110,614	-0-
Cost per Ton	\$136.73	\$82.05	\$73.50	-0-
Cost per Household	\$107.77	\$73.66	\$62.81	-0-

Collection Costs Only				
	1997	1998	1999	2000
Cost per Ton	\$27.74	\$24.35	\$25.45	-0-
Cost per Household	\$21.86	\$21.86	\$21.75	-0-

The review of the costs of collection of the municipal solid waste indicates an extremely favorable rate. The 1999 cost per ton of \$25.45 and the cost per household \$21.75 are both well below the average rate of neighboring communities in the western section of the county. The team commends the borough for this very cost-effective service.

Recommendations:

The team recommends that the borough consider redirecting the disposal of the solid waste to the Cumberland County landfill facility. The tipping fee at Cumberland is \$43.21 per ton as compared to \$47.50 per ton at the ACUA facility, which is a \$4.29 per ton savings. Additionally, the distance to transport the waste is somewhat less than traveling to the ACUA site. Based on the 1999 waste figures of 1,505 tons, the borough would realize savings of \$6,456 in tipping fee charges.

Cost Savings: \$6,456

Vegetative Waste

Vegetative waste includes leaves, grass clippings, brush, tree branches/limbs, shrubs, Christmas trees and other biodegradable matter. The collection of these items is a major component of the road department's responsibilities. The collection of leaves throughout the borough is the most labor intensive of these services. This service is done primarily in the fall, beginning in late October and continues through December. Two trucks, one leaf vac and four workers are assigned to this activity. Leaf collection is also performed in late March and April. Additionally, residents may call to request service at any time during the year. The collection of limbs, branches and brush is done in conjunction with the leaf program and residents may call for pickup throughout the year for this service as well.

The collected leaves and grass clippings are taken to a local farmer for composting, at no charge to the borough. The road department visits the site monthly with the wheel loader to turn the collected materials to assist the compost process.

The brush, limbs and branches are transported to the road department yard and chipped at a later time. Residents may request and pick up wood chips at the department yard. Although the borough owns a chipper, a private contractor was hired for four days to perform chipping services in 1999. The borough was charged \$6,000 for this service.

The team was provided with written documentation of the volume (tons) of vegetative waste collected for 1998 and 1999. The chart below summarizes the activity.

	1998	1999
Leaves and Grass Clippings	713	770
Brush, Limbs and Branches	319	302

The team commends the borough for its vegetative collection. The service is provided to the residents with no cost to dispose of the waste. Our review of the vegetative waste services of two neighboring communities indicated that the collection process was outsourced. Furthermore, the two communities disposed of the waste at the ACUA compost facility and were assessed a tipping fee of \$25 per ton for disposal. The overall cost to operate this service in those communities ranged from \$79 to \$126 per ton.

Recommendation:

The team recommends that the road department dedicate one day a month during the warmer weather seasons and several days a month, as needed, to the wood chipping operation. Proper scheduling of projects by the road supervisor should enable this operation to be accomplished entirely by borough employees.

Cost Savings: \$6,000

Buildings and Grounds

The building and grounds operation is comprised of one employee, a building maintenance worker. The position value of this worker is \$33,350 in salary and direct benefits. This employee is assigned the daily responsibility of minor maintenance and general cleaning of the borough hall and the adjacent park area. A standing committee of borough council directs the public buildings operations. Private contractors usually complete major repairs and improvement projects to the borough hall and park facilities.

Since there are no written instructions, the team conducted an interview to determine the daily work schedule of the building maintenance worker. In the morning, the worker reports directly to borough hall and cleans the interior of the building. At the completion of this work, the individual performs outdoor maintenance, which consists of the grounds around borough hall, the park and five athletic fields in the municipal complex. Specific tasks include picking up paper and debris, emptying trash containers, cleaning outdoor restrooms, weeding of planting beds and the cutting and trimming of the grass areas. At the conclusion of the grass-cutting season, the employee primarily performs indoor work and assists the road department.

During the review, the team observed, on several occasions, that this employee was not available and seemed to “come and go” as he so desired. This problem was very apparent as during the course of the team’s review, this employee was advised by the borough to report to the road department facility at the beginning and end of each workday and to use the time clock to document his attendance. Prior to this policy, there was no formal means of verifying his work attendance. Additional observations by the team included unfinished job tasks in the borough hall. Similarly, a review of the outdoor responsibilities revealed a normal day function was being extended into a multi-day activity. The borough hall was not cleaned on a regular basis and the restrooms were often left untouched. When specific work assignments were not completed in a timely fashion, the road department employees were called in to assist. Even though the employee was required to report to the road department each day, no one was given direct supervision to monitor and evaluate the work activity of this employee.

Recommendations:

The team’s review concludes that there is a need for supervision of this operation. The assigned tasks and hours for this position, compared to the actual level of performance, clearly indicates an absence of accountability. The team provides two options for improving this operation:

1. The team recommends that the building and grounds operation be reassigned to the road department. The road supervisor should be directly responsible for the building maintenance worker, including work assignments, attendance and evaluating performance. While there is no direct cost savings attributed to this recommendation, work productivity should be greatly improved. With additional staffing resources available to the road department, there should be additional hours for road maintenance activities.
2. A second option is to prepare bid specifications and to solicit bids to outsource the general cleaning and maintenance of the borough hall. This specification will enable the borough to determine the level of service and frequency of cleaning. The borough should also prepare bid specifications for grounds maintenance of the borough hall, the park and ball fields. A detailed specification will ensure a high quality of work, dictate the level of service desired and enable the borough to determine the day the park is to be maintained. The consistency of the service delivery days will enable the borough to adequately plan and schedule the use of the facilities, knowing that facility is properly maintained. The issue of internal scheduling of maintenance, cleaning or grass cutting around absenteeism, vacation and holidays, etc. will be eliminated.

Using a benchmark of \$1.00 - \$1.50 per square foot for service three days a week, the team estimates the annual cost to provide janitorial services to be \$5,000 - \$7,500 for the 5,000 square feet of usable space. The estimated seasonal costs to provide lawn maintenance service to the borough hall grounds, park and ball fields is \$12,000 - \$15,000. This is based on price quotes from comparable size fields and includes the cutting and trimming of all grass areas 20-22 times a season. The privatization of these services will allow the borough to eliminate the building maintenance worker position costing \$33,350. Additionally, the cost of supplies for cleaning and equipment purchases and maintenance for borough hall, park and fields will be eliminated. The estimated cost savings with this second option are approximately \$15,000 annually.

Cost Savings: \$15,000

PLANNING AND ZONING

Organization

The planning board and the zoning board of adjustment regulate land use in the borough. The borough's small geographic size and its small proportion of vacant properties has resulted in relatively low levels of development activity. A significant portion of the borough falls under the jurisdiction of the Pinelands Commission, requiring that land use applications in these areas be reviewed by this state agency.

A secretary provides administrative support for these appointed boards. Her duties include agenda preparation, processing applications and preparing minutes of meetings. In addition to planning and zoning duties, the secretary also processes permit applications and schedules inspections for the borough's code enforcement officials. Contracted professionals provide legal and engineering services to the boards.

Financial

In 1999, the borough paid \$9,733 in salaries and benefits for the zoning board and zoning officer and \$2,136 in other expenditure. The cost for the planning board was \$4,448 in salaries and benefits and \$5,129 for other expenditures.

In addition to these costs, the secretary for these boards had a total position value of \$23,690 in 1999. Because of this individual's code enforcement duties and variable workload, it is difficult to determine the exact proportion of this position value dedicated to code enforcement and land use activities.

Workload Analysis

The team reviewed the most recent minutes of the planning and zoning boards to determine the workload for these bodies. As indicated by the table below, the team concludes the boards process a relatively low number of development applications:

	Resolutions (avg. per mtg.)	Hearings/Reviews (avg. per mtg.)	Avg. Mtg. Duration (min.)
Planning	1.33	1.25	59.67
Zoning	1.25	1.25	59.17

Recommendations:

It is recommended that the borough consider consolidation of the planning and zoning boards into a single body. Pursuant to N.J.S.A. 40:55D-25, a nine member planning board may exercise the powers of a board of adjustment in municipalities having a population of 10,000 or less.

The consolidation of planning and zoning functions would benefit the borough by having a single board with comprehensive powers to regulate land use. Developers would benefit by appearing before a single board to secure approvals and reduce time and confusion in the often complex process associated with land use applications.

The consolidation of the planning and zoning boards would reduce the following expenditures associated with the operation of the zoning board:

- 1. Retainers for zoning engineer and attorney;**
- 2. Payments for zoning board member attendance;**
- 3. Zoning board advertising fees; and**
- 4. Meeting attendance fee for zoning board secretary.**

Cost Savings: \$7,000

In addition to cost savings realized with the eliminating of above expenditures, the borough would also realize a productivity enhancement by having the board secretary prepare for only a single consolidated meeting.

Board Member Compensation

Planning and zoning board members receive compensation for attending board meetings. The borough pays each board member \$30 per meeting. A survey of LGBR municipal reviews has found very few municipalities compensating its appointed planning and zoning board members.

Recommendation:

It is recommended that the borough not compensate its appointed board members for attendance at meetings.

Cost Savings: \$6,380

UNIFORM CONSTRUCTION CODE

All Uniform Construction Code (UCC) permits and the related inspections, plan reviews, permits and certificates of occupancy are processed through this office. Due to the small size of the borough, land use administration, fire inspections and tax assessment functions are located in this office.

Staffing

The UCC staff is comprised of a part-time construction official, who also serves as the plumbing sub-code official. This individual is the full-time director of the Buena Borough Municipal Utilities Authority. Other staff includes a part-time building sub-code official, who also serves as the fire sub-code official and a part-time electrical sub-code official. The construction official has scheduled office hours on Thursday evenings from 6:30 p.m. to 7:30 p.m. The other inspectors do not have designated office hours.

The other inspectors work as needed by the permit workload. The lack of set office hours by the other inspectors has made it difficult for the construction official to communicate with the other inspectors and supervise their activities. Additionally, there is no documentation maintained by the various inspectors indicating the hours and days they performed their respective jobs, nor is there a written weekly, monthly or annual report summarizing their work load and activity.

A full-time clerical person administers the UCC operation under the supervision of the construction official. This staff person receives applications for permits, as well as all questions, concerns and communications relating to the UCC. The staff person informs the appropriate inspector of the permit application, at which time the inspector completes a review and determines the fee. The clerical employee then notifies the applicant of the status of the application and the amount of the permit fee. She collects all related fees, maintains a separate bank account and deposits the fees. Her duties also include the reporting of permit activity through the UCCARS reporting system.

The team was advised that this clerical position had a high turnover rate, with four different employees employed in the last five years. The current individual has served in this capacity for less than a year and had no prior experience in any of the areas relating to this position. Approximately 40% of the staff person's workday is UCC related. Additionally, this individual

also handles zoning board, planning board, fire official and occupancy related issues. The team observed the employee did a satisfactory job of dealing with the public and handling the intake of inquiries, but she lacked the general knowledge of the various issues, procedures and functions of different boards and agencies. All inquiries concerning these matters are logged and documented on a complaint form and referred to the appropriate officials.

Financial

At the end of each month, a report is submitted to the chief financial officer of the borough indicating the revenues received from all permits and inspections. A check for the same amount is written from the UCC account to the borough at this time. A check is also issued quarterly to DCA for the training fees. These checks are issued with one signature, that of the clerical person. The construction official reconciles the fees and bank statements monthly.

The borough currently dedicates construction code revenues to the UCC operations within the municipal current fund budget. However, a review of the revenues indicates that the UCC operations are not self-sustaining, in that the costs associated with administering the permits and inspections operations exceed the fees charged for such permits and inspections.

To effectively assess the UCC operations, the team reviewed the annual expenditures from 1997 through 1999 as submitted in the UCC Annual Report to the New Jersey Department of Community Affairs. The following is an analysis of UCC expenses:

Year	Salary and Wages	Other Expense	Total Expenditures
1997	\$23,937	\$3,000	\$26,937
1998	\$26,769	\$3,132	\$29,901
1999	\$28,725	\$3,218	\$31,943

Additionally, in the expenditure section of the report the borough did not allow for the full indirect cost rate of 12%, permissible in the UCC guidelines. The borough used a flat rate of \$1,500 for indirect costs. The use of the permitted 12% rate would further increase the cost of administering the operation.

A summary of the construction activity within the borough from 1997-1999 is listed below:

Year	New Permits	Permit Updates	Construction Value	UCC Fees
1997	127	17	\$1,747,480	\$18,816
1998	151	11	\$2,389,607	\$27,908
1999	131	6	\$1,215,615	\$23,860

A further review by the team of a comparison of the revenues and expenses of the operation resulted in additional discrepancies. It was determined that the fees generated from the construction activity as reported on the New Jersey UCCARS report differ from the revenues reported on the Department of Community Affairs - Division of Codes and Standards Uniform Construction Code Annual Report. Below is the comparison of reported revenues and fees.

Year	UCC Annual Report	NJ-UCCARS Report
1997	\$19,981	\$18,816
1998	\$32,907	\$27,908
1999	\$28,799	\$23,860

The team reviewed the records of the UCC office in an attempt to determine the causes for the discrepancies. While there is some documentation available, the inconsistencies cannot be readily determined or reconciled.

Recommendations:

The team recommends that the borough transfer its construction code operation to the New Jersey Department of Community Affairs, Division of Codes and Standards, Bureau of Local Code Enforcement. Allowing this state agency to provide the UCC services would completely remove the borough from this function. This agency will determine local office hours for permits and inquiries, set inspection times, collect fees and provide the borough with reports of all UCC activities. The only requirements of the borough are the provision of office space and telephone service.

Our review of the UCC operation found that the revenue generated from the fees and permits was not sufficient to cover the expenses of the program. This is due largely to the fact that there is a minimal amount of construction activity throughout the borough. Furthermore, there were discrepancies in the revenues reported in the UCC Annual Report and the NJUCCARS report from 1997 through 1999 that made it difficult to determine the actual deficit.

In addition to the deficit and reporting issues, there are concerns regarding the general operational procedures. The full-time office staff position has experienced substantial turnover during the last several years. This staff turnover has created instability, in that the individual serving as the full-time staff person is generally inexperienced in the UCC issues and lacks the general knowledge of the operations. Additionally, there is inadequate supervision and communication between the construction official and the sub-code officials, as most of these individuals are part-time and work outside of the area.

By transferring this function to the state Bureau of Local Code Enforcement, the borough will eliminate a deficit operation of \$2,000 - \$8,000. Additionally, the internal control issues of finance, attendance and reporting would be eliminated.

Cost Savings: \$2,000 - \$8,000

If the borough retains this service at the local level, the team recommends that it review its internal control procedures and ensure that the revenue collection and reporting process complies with regulatory requirements.

MUNICIPAL UTILITIES AUTHORITY

The Borough of Buena Municipal Utilities Authority (BBMUA) was created by ordinance of the Borough on December 23, 1963 to construct and operate a water supply and sewer system. Presently, the BBMUA provides water and sewer service to approximately 75% of the borough's residential population and 50% of its geographic area. In addition to collection and distribution systems, the BBMUA operates a sewage processing facility.

The BBMUA faces a challenging regulatory environment. In addition to Department of Environmental Protection (DEP) oversight of its operations, the sewer plant, and a considerable portion of the borough, are physically located in areas regulated by the Pinelands Commission. Due to the environmentally sensitive nature of the watershed, the state imposed restrictions on the BBMUA's sewer plant operations. BBMUA faces a cap of 400,000 gallons per day of discharge from its sewer plant with a design capacity of 500,000 gallons. Expansion of its sewer collection system is, therefore, restricted unless other feasible options are devised to satisfy discharge regulations.

During the team's review of the BBMUA, we noted the operational and financial constraints faced by BBMUA in providing cost-effective service to its residents. The borough's geographic position as a higher density community in a largely rural region has limited its opportunities for significant regionalization of this capital-intensive service.

The most notable cost factor involved in the BBMUA is the operation of a sewer processing facility. Generally, smaller utilities reviewed by the team have utilized regional sewer processing plants, whereby, several communities benefit by creating economies of scale. The small customer base of approximately 1,200 accounts is one of the smallest utility service areas in the state. The cost for fixed operating costs and debt service are borne by fewer ratepayers, resulting in higher fees for services than in larger communities.

In response to these constraints, the BBMUA has aggressively expanded its service areas in recent years. During the review, the authority has actively implemented five projects at various stages of development. Because the new service areas have lower densities of customers, the BBMUA has been successful in finding grant assistance to fund projects that would otherwise be financially unfeasible if funded by debt service.

The team has identified three major imperatives to contain costs within the authority and to address the financial disadvantages of its small size and regulatory constraints:

1. Continuation of the BBMUA as an Autonomous Agency: Presently, the team believes the deliberative workload of the authority's governing body warrants the continued existence of the BBMUA as an autonomous entity. The possible extension of service along the Route 40 corridor and its potential for increased revenues necessitates a considerable level of review and analysis. However, the team recommends that the borough and authority periodically review ongoing and planned expansion projects to determine if the water and sewer infrastructure is largely complete and whether any significant expansion can take place. At

this point, the borough should reevaluate the continued existence of the authority. Additional savings could be realized through the elimination of duplicative professional services and other administrative costs of maintaining a separate self-governing entity.

2. *Expand Revenue Base:* The team recommends the BBMUA continue with its current expansion of both water and sewer service. The use of state and federal funds to subsidize its capital projects has made the provision of service financially feasible in areas that would otherwise require very high connection fees or special assessments. Given the relatively low incomes of many borough residents, this use of grant funding has prevented many residents from facing severe financial hardships.
3. *Reduce Operating and Administrative Costs:* The team has prepared recommendations to promote efficiency and eliminate the duplication of administrative functions performed by both the borough and the BBMUA. As discussed in detail elsewhere in this report, the team will recommend the significant transfer of almost all administrative functions to the borough through an interlocal service agreement. The outsourcing of these functions will not only provide immediate savings, but facilitate the formal dissolution of the agency if the borough deems it appropriate in the future.

Organization

The BBMUA is governed by a five-member board appointed by the borough council. The board usually meets twice a month. In 1999, board members were paid \$2,500, the board chairman received \$4,500 and the vice-chairman \$3,100. At the time of the review, no board member received health benefits. The team found board members to be quite actively engaged in the planning process and the composition of the governing body brings very relevant work backgrounds to the BBMUA's decision-making process.

A water and sewer superintendent oversees the daily management of the BBMUA with administrative and financial activities supervised by a board secretary. The BBMUA has its administrative office located at borough hall, with plant and maintenance operations located at the sewer processing plant.

Septage and Sludge Processing Fees

The BBMUA has sought to increase its revenues by aggressively seeking to process the septage of contractors who pump out waste from private septic systems and portable toilet facilities. The effort has been very successful, increasing revenues from \$60,517 in 1995 to \$269,898 in 1998. Due to the minimal costs required to administer and process the septage, the BBMUA has realized significant financial benefits from creating this revenue center.

The BBMUA is to be commended for its initiative to provide an additional source of funding for the authority.

Cash Management

The team reviewed the authority's cash management practices in order to determine if the authority was maximizing its interest earnings while adhering to sound business practices. All cash management functions are handled by the secretary/treasurer, who is responsible for

investment decisions and any changes to the banking partner agreement. The authority maintained all its cash balances with one bank, with the exception of one certificate of deposit that was held by another banking institution. The bank account reconciliations are prepared by the secretary/treasurer.

Banking Services

The authority has maintained a financial relationship with the same bank for over 25 years. As of December 31, 1999, the authority maintained three accounts with its bank. Interest earnings rates were 2% on the operating account; 4.4% on the debt service account; and 4.7% on the savings account. The average interest rate earned on these accounts after aggregation of all balances was approximately 4%. There is no formal agreement between the authority and the bank.

The bank does not currently offer automated on-line banking services. On-line banking services are typically used for wire transfers, balance reporting, etc. and provide an efficient means of transferring funds, as well as managing cash flows.

Recommendations:

The team recommends that the authority solicit competitive bids through a request for proposal from several financial institutions. This proposal should clearly define interest rates, required compensating balances, reserve requirements and all service charges. This will enable the authority to make a comparison of services and related costs to ensure the best value for banking services.

The authority should choose a banking partner based on overall performance including: convenience, level of sophistication and array of services, return on investment, cost of the most frequently used services, accessibility to banking representatives, future branch construction plans and community reinvestment, among others.

The savings account with its bank is a passbook account. Since there are no statements issued by the bank, it is difficult to perform an account analysis. These funds should be transferred to a statement savings account, which earns a comparable rate of interest. In addition, the authority should execute a formal agreement with its bank to specify the terms and conditions of the financial relationship.

Account Analysis

The bank did not provide an account analysis. However, the monthly statement did specify the interest rate and the average collectible balance. With this information, the team was able to recalculate the interest earned and verify that the bank's stated rate of interest was accurate.

The average collectible balances (investable balance) ranged from approximately \$1 million to \$1.1 million during the year. Our analysis included a comparison of interest earned by the authority to the potential earnings of investments through the New Jersey Cash Management Fund (NJCMF) as well as the 91-day T-bill. These amounts were \$51,777 for actual earnings,

\$53,970 for NJCMF, and \$51,361 for the 91-day T-bill. This comparison indicates that the authority has earned a very competitive rate of interest on its cash balances. Despite this, their operations account earned only 2%.

We commend the authority for prudently investing funds in certificates of deposit and for earning a competitive rate of interest on the debt service and savings accounts.

Recommendation:

We recommend that the authority negotiate a more competitive interest earnings rate on their operations account.

Revenue Enhancement: \$2,000

Office Operations

The administrative office is staffed by the secretary/treasurer and a senior clerk/typist. The secretary/treasurer has been employed by the authority for 31 years and the clerk/typist for 13 years. In 1999, the personnel expenditures for the administrative office were \$91,793. This represented actual salary paid to the employees, as well as, the cost of medical benefits and payroll taxes.

The secretary/treasurer is primarily responsible for responding to customer inquiries, generating water and sewer bills, reconciling bank statements and preparing for two monthly meetings. He also represents the BBMUA as a fund commissioner for the Joint Insurance Fund. The accounts receivable function; however, is his most time consuming duty. Invoices for water and sewer are generated quarterly; however, not simultaneously. Water bills are mailed in March, June, September and December and sewer bills are mailed in January, April, July and October. There are 1,248 water billing accounts and 1,046 sewer accounts. Local Government Budget Revenue has identified a range of 3,300-4,000 accounts per employee as an efficient workload for utility billing. The BBMUA operates significantly below this level.

The senior clerk/typist's primary duties include payroll, purchasing, and accounts payable. The finance office generated 1,333 purchase orders in 1999.

Recommendations:

Water and sewer invoices should be generated concurrently, thereby eliminating the inefficiency of performing this task unnecessarily (i.e., eight times per year instead of four). In addition, the authority would save the expense of approximately 5,000 printed forms and the postage costs associated with four mailings per year. The efficiencies associated with this consolidation of duties would provide time for other tasks or a possible reduction in staff.

Cost Savings: \$1,200

It is recommended that BBMUA billing and finance functions be transferred to the borough tax collector and chief financial officer. It is a common practice to consolidate the functions of both current fund and utility financial administration. The team's review of

the borough's operations indicates that the additional workload could be accommodated by transferring a clerical employee from the utility to the borough and the dividing this full-time position between the tax collector's office and the finance office. The team has reviewed similar communities where utility collections and financial management are performed by the municipal government.

This action would allow the utility to eliminate one full-time clerical position. Offsetting these savings would be the cost of hiring a part-time board secretary to prepare meeting agendas, advertising and minutes.

Cost Savings: \$30,000

Plant Operations

The BBMUA assigns seven full-time employees to plant operations and field maintenance activities. The table of organization includes three supervisory positions overseeing four plant operators. The plant operators are rotated through various functions including the press, front end loader and plant maintenance. The superintendent and assistant superintendent are licensed to operate the plant.

During interviews, the team found plant personnel to be very knowledgeable and motivated in performing their assigned duties. The BBMUA policy of rotating its employees through different plant functions has created a very able workforce. This cross-training has provided utility management with sufficient flexibility to ensure that all major plant activities are completed in the event of vacancies due to scheduled or unscheduled leave.

In addition to plant operations, the operators maintain and repair the sewer collection and water distribution systems. Due to the relatively new age of the infrastructure, emergent repairs do not occur as frequently as in some older utility systems. In addition to repairs and maintenance, the utility's workforce has installed small sections of water and sewer lines in the borough.

In addition to its core operational functions, the plant operators have other duties such as hydrant flushing and meter reading. Discussions with utility personnel indicated that hydrant flushing occurs a minimum of three times per year and each of the 127 fire hydrants require approximately 30 minutes to flush. The schedule for flushing hydrants is flexible, deferred against higher priority work requiring the immediate attention of the authority.

Workload Analysis

The team examined the BBMUA's staffing in relation to the workload and we conclude there is opportunity for improvement. The ratio of supervisory titles to other employees indicates a span of control of one supervisor to 1.3 employees. Two supervisory personnel possess the necessary licenses to operate the plant and the third supervisor does not have the licenses.

The team's analysis of the plant workload indicates that the authority has excessive staffing in relation to the workload available. This is evidenced by the absence of one of the plant operators for 67 continuous days on sick leave without generating overtime, despite the loss of 25% of assigned non-supervisory workforce. Discussions with plant personnel indicated that the primary effect of this prolonged absence was the deferral of fire hydrant maintenance.

Additionally, the use of plant operators to perform relatively unskilled work, such as meter reading and hydrant flushing, indicates a need for lower labor costs to perform this function.

Recommendations:

The team recommends the elimination of the supervisor position and a new table of organization for plant operations consisting of the superintendent, assistant superintendent and four plant operators. The team believes this new table of organization can accommodate the present workload.

If the authority has problems accommodating this reduction in plant staff, the team recommends that meter reading and hydrant flushing be transferred to the Borough of Buena through an interlocal services agreement. Both functions do not require high levels of training and road department employees have significantly lower wage rates than the plant operators, who are presently performing this function. The team's analysis of the road department workload indicates that these functions could be accomplished without any increase in staff.

Cost Savings: \$45,000

Sick Leave

The availability of employees is a key factor in determining appropriate staffing and productivity levels for an organization. Employee availability is calculated by deducting scheduled and unscheduled leave from the standard work year. In addition to vacation and personal days, each employee receives 15 sick days per year. The unused sick days may accumulate from year to year. The team reviewed sick leave usage for the authority's nine employees from 1998 through June, 2000. Listed below is a chart summarizing sick leave during this period:

	1998	1999	2000*
Sick Days	64.5	95	113
Average Sick Leave Days per Employee	7.17	10.6	12.6

*Unusually high as one employee out from February 17-June 23.

The benchmark used by LGBR to determine acceptable sick leave usage is an average of 6.5 days per year for public works and utility employees. While 1998 sick time use was marginally above the benchmark, attendance records for 1999 and the first half of 2000 showed more excessive use.

Recommendations:

The team recommends that the MUA closely monitor the use of sick leave of its employees. In addition to management oversight, the BBMUA should negotiate a provision in the collective bargaining agreement to require written medical certification for three consecutive days or six cumulative days of sick leave.

Using the benchmark of 6.5 sick leave days per employee, in 1999 the MUA would have realized a productivity gain of approximately 36.9 workdays or 295.2 hours. This equates to a productivity enhancement of \$7,442.

Potential Productivity Enhancement: \$7,442

Utilities

The provision of sewer treatment services is a significant expense, as compared to utilities of a similar size. Aggregating demand for energy commodities has resulted in modest reductions in costs for major users of electricity. During the review, the team attempted to determine utility demand history in order to calculate potential savings from the aggregation of its energy supply needs. The team was unable to retrieve this information in time for the publication of this report. We believe, however, substantial savings are possible for a utility of this size.

Recommendation:

It is recommended that the authority investigate the possibility of aggregating its electrical needs with other heavy users. Generally, the authority has two options regarding this process:

- 1. Join the Atlantic County cooperative purchasing group. This option provides the advantage of an existing organization with a record of providing savings to its members.**
- 2. Join regional utility authorities with similar usage requirements to capture savings for off peak hours. The unique characteristics of utility energy consumption may allow such a consortium to realize savings that are unattainable with the peak usage hours associated with purchasing cooperatives composed largely of municipalities.**

Based upon savings in other municipalities, the team conservatively estimates that the authority could save approximately five percent of its electrical costs through aggregation.

Insurance

The Buena Borough Municipal Utilities Authority has been a member of the New Jersey Municipal Utility Authorities Joint Insurance Fund since 1997. Coverage provided by the joint insurance fund (JIF) includes workers' compensation, general liability, automobile liability, property/boiler and machinery, crime bond, automobile physical damage and public officials/employment practices. The JIF requires participation in all coverages offered and the commitment by the authority is for three years. The expiration of the current term is December 31, 2002. There are currently 61 members in the JIF. The annual assessment for fund year 2000 is \$26,283. The authority has not yet received a dividend credit since participation in the JIF for three years is required in order to qualify.

In 1987, 24 communities in Atlantic and Morris Counties joined together in response to the escalating costs of municipal insurance and formed the Municipal Excess Liability Joint Insurance Fund, or "MEL." MEL has grown rapidly since its inception to an organization that

insures approximately 300 municipalities and 60 utility authorities in New Jersey. These municipalities and authorities represent 16 local JIFs. The MEL provides excess coverage over the ACMJIF coverage for a total of \$10 million.

As a condition of participation in the JIF, the BBMUA is required to appoint a commissioner to the JIF governing body. The authority has appointed their secretary/treasurer as the JIF commissioner and contracts with a consultant for risk management services. The plant supervisor is designated as the safety coordinator.

Below is the 2000 Assessment Allocation:

Loss Funds	Amount	Percentage
Property	\$5,000	19.0%
Liability	\$5,266	20.0%
Workers' Compensation	\$8,020	30.5%
Public Officials Liability	\$1,440	5.5%
Excess Public Officials/Employment Practices	\$285	1.1%
Loss Fund Contingency	\$155	.6%
Fund Expenses and Contingency	\$6,117	23.3%
Total Combined Assessment	\$26,283	100.0%

The authority has an active safety committee that meets periodically. Minutes of these meetings were unavailable for the team's review. Based on our analysis of the lost time accident frequency report for the past three years, we conclude the authority has an excellent record. There were no claims for employee lost time due to accidents.

We commend the MUA for its participation in the joint insurance fund as a cost-effective means for managing its risks.

Recommendation:

We recommend that a member of the safety committee record the minutes of the safety meetings.

Health Insurance

The authority participates in the SHBP for health benefits. Each employee is entitled to a reimbursement of up to \$400 for prescription drug coverage. The SHBP offers three types of plans:

- The Traditional Plan reimburses for the cost of hospitalization, doctor visits, surgery, various medical services, and supplies. There are no restrictions in choosing a physician. The Traditional Plan, however, does not cover preventive or wellness care.
- A Health Maintenance Organization (HMO) provides complete coverage, including wellness and preventive care for medical services provided by affiliated physicians and hospitals.
- New Jersey Plus combines managed care with the option to get reimbursed for services performed out of the NJ Plus network of physicians, hospitals or laboratories.

The authority is commended for utilizing the State Health Benefits Plan as their provider of health benefits.

Recommendations:

With the rising cost of health insurance, some school districts and other public entities are now requiring their employees to pay a 20% surcharge for medical insurance on coverages other-than-single. The authority should consider implementing this policy. Employees selecting any coverage other-than-single would pay 20% of the difference between the cost of the single coverage and the coverage chosen.

Potential Cost Savings: \$3,400

The authority could set up a medical savings account under Section 125 of the IRS code in order to reduce the effect of the co-pay on its employees. The employee would be exempt from paying federal taxes on this account.

III. SHARED SERVICES

Tremendous potential for cost savings and operational efficiencies exists through the implementation of shared, cooperative services between local government entities. In every review, Local Government Budget Review strives to identify and quantify the existing and potential efficiencies available through the collaborative efforts of local officials in service delivery, in an effort to highlight shared services already in place and opportunities from their implementation.

As part of our review, the team ordinarily evaluates the possibility of sharing services between communities and other government agencies. These interlocal agreements could realize long term savings while eliminating duplicate services. Sharing resources also offers the potential to provide higher quality services than when one community acts alone.

To determine the viability of consolidating services, grant monies are available from the New Jersey Department of Community Affairs (DCA) to perform feasibility studies. In addition, there are funding programs available to support a shared service program from DCA called Regional Efficiency Aid Program (REAP) and Regional Efficiency Development Incentive (REDI) Act.

The Regional Efficiency Aid Program (REAP) is a new type of state aid program which combines incentives to reduce the cost of government with direct property tax relief to taxpayers. REAP involves two new concepts. The first is that if a municipality or school district wants additional state aid, and if it regionalizes services, the state will provide permanent aid, scaled relative to what is regionalized. Secondly, to ensure that the aid is actually benefiting taxpayers, the aid will be provided, not as a budget offset, but as a property tax credit for residential property owners. REAP can also provide an incentive for complete or functional dissolution of governments themselves, in exchange for state aid to the taxpayers.

The Division of Local Government Services (DLGS) has an incentive program that complements REAP by providing local government with critically needed financial support to initiate the process of regionalization. This program is the Regional Efficiency Development Incentive (REDI) grant program.

The Regional Efficiency Development Incentive Program is a new state initiative designed to help local officials explore and implement new shared service opportunities. REDI offers state grants and loans to help county, municipal and school officials study, develop and implement new shared service programs. The program's focus is to use the efficiencies and cost reductions possible through regionalization to help reduce property taxes by lowering the costs of services. REDI has \$10 million available to identify, prepare, and put into place new interlocal ventures.

Grants are awarded to assist local units with planning and developing new or expanded-shared services through feasibility studies. REDI grants are awarded on the following basis: the state will pay up to the first \$15,000 of study costs; for costs above \$15,000, the state will pay 90% of

the costs that exceed \$15,000 and a 10 percent local cash match will be required for the balance. Where a local cash match is required, the local funds must be expended first, before grant monies may be used.

Grants and/or loans are made to assist local units with the start-up, transition, and implementation costs associated with new or expanded-shared services or the consolidation of local units. Assistance is based on the total transition or implementation costs of the project. The first \$100,000 of implementation assistance would be made by the REDI Grant, and all assistance above that amount would be in the form of loans made subject to specified loan requirements.

Municipal Court

Based on our review of the municipal court, there appears to be potential for significant savings and enhanced customer service by combining the municipal courts of Buena Vista Township and Buena Borough. This joint venture would derive benefits through the reduction of costs associated with the maintenance of two separate municipal facilities. Long term cost savings would be achieved through the elimination of duplicate spending by the two communities.

The Atlantic/Cape May Vicinage calculates staffing levels based on a weighted average of case types. Using the vicinage's criteria, we calculated the appropriate staffing levels for 1999 for Buena Vista Township and Buena Borough Municipal Courts. The staffing level for Buena Vista Township is 1.87 employees and 1.5 employees for Buena Borough.

Recommendations:

It is recommended that Buena Vista Township and Buena Borough contact the Department of Community Affairs (DCA) to perform a study to determine the feasibility of establishing one municipal court for the two communities. Initially, the study would identify the current level of service being provided and the cost of that service. Various options for joint or interlocal agreements may be offered. Employee relations issues would be addressed such as civil service, contractual matters, reassignment of employees, early retirement incentives, etc.

The study would also explore the costs of providing the joint service, including implementation costs and allocation of those costs, between the two communities. The disposition or alternative use of current facilities would be addressed. The benefits resulting from a joint or interlocal arrangement such as, decreased costs or increased levels of service would be outlined. Finally, a timeline and steps for implementation would be provided.

By merging the Buena Vista Township and Buena Borough municipal courts, one municipal court staff position could be eliminated or downgraded to part-time. There are currently four court employees in the two municipal courts. Although our calculation

indicates the need for 3.37 employees, the efficiency of operating one court should enable the consolidated court to operate with three full-time employees. This would increase the caseload per employee per month (which was low in both municipalities) to a more acceptable level.

Cost Savings: \$30,000

(The team has chosen not to quantify the savings associated with the judge, prosecutor, public defender, etc. This will be determined during the feasibility study.)

Video Conferencing System

Buena Borough should consider the feasibility of a video conferencing system, allowing for video arraignments of criminal defendants being held at the Atlantic County Jail. An arraignment hearing in municipal court is required shortly after one is arrested for a non-indictable crime. The hearing is brief, at which time the defendant is informed by the court of the charges the police have asserted. The defendant is asked for a plea. When a defendant pleads not guilty, a trial date is set. If the defendant pleads guilty, the arraignment hearing then can become a sentencing hearing, at which time the defendant can make any explanations and the judge may impose penalties, fully disposing of the matter.

In order to conduct arraignments in person, the prisoner has to be transported by the police department from Mays Landing to the borough municipal court, and kept secure while awaiting the hearing. This entails the need for one or two officers for several hours, as well as police officers for processing prisoners in and out of the jail, and causing operational problems such as arranging prisoner meals and discharges.

We believe the borough has an opportunity to offer an interlocal service opportunity to surrounding municipalities that have not installed the video conferencing equipment. The cost of these systems has decreased significantly in recent years. The borough would benefit by generating income to help defray the cost of the equipment. The judges in both Buena Borough and Buena Vista Township feel that a closed circuit television system should be utilized to improve efficiencies.

Recommendations:

The team recommends that a shared service agreement between neighboring communities utilizing a Closed Circuit Television (CCTV) system should be explored. The borough could possibly lease the courtroom with the video arraignment capability to other area municipalities. We encourage the borough to seek opportunities to use this equipment to its greatest potential.

We realize that since Buena Vista Township has state police protection, there are no direct expenses for prisoner transportation. There is, however, a loss of services. The township is foregoing police protection while these officers are transporting prisoners. In addition, court staff may have to work additional hours waiting for prisoners to be transported. Nevertheless, in order for this venture to be economically feasible, other communities would have to participate.

Public Works

The team's review of the public works operation indicates that informal cooperation occurs between the borough and the Township of Buena Vista. During the team's review, the borough loaned the township a street sweeper and, in turn, the township will reciprocate by providing a service in the future. The team commends these arrangements, as they often provide a more cost-effective alternative than private contracting or the purchase of a major item of equipment.

Local Government Budget Review's study of Somerset County communities found a more formal shared services process. Through an interlocal service agreement, each participating municipality and the county provided a schedule of hourly prices for various categories of equipment with a trained operator. If the equipment is available on the required date, the equipment with an operator is provided to the requesting community. This agreement provides an additional option for managers to cost-effectively perform a given service. The lending agency benefits by creating a potential revenue center for capital equipment that would otherwise sit idle.

Recommendation:

It is recommended that the borough explore the feasibility of a similar interlocal services agreement with area local governments. Municipalities, school districts and utility authorities would be given greater flexibility by providing another operational option alternative to purchasing a major piece of equipment or contracting with a vendor for a given function.

LOCAL GOVERNMENT BUDGET REVIEW

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